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CONGRESSIONAL INFO INC
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WASHINGTON DC 20014

National
Home Center News®

Vol. 11, No. 16 $2 a copy The newspaper for retailers serving homeowners and contractors. Published by Lebhar-Friedman Inc. July 29, 1985

Chanin signs on to assist in Evans reorganization

BRAINTREE, Mass. — Less than a year after completing his key role in the resuscitation of Wickes Cos., bankruptcy expert Jeffrey Chanin—as part of a team of investment bankers from Drexel Burnham Lambert Inc.—has signed on to assist the corporate turnaround of the financially beleaguered Evans Products Co.

Jeffrey Chanin

The ex-Wickes executive vp is slated to oversee a Drexel Burnham effort to assist Evans, which has operated under the protection of Chapter 11 of the Federal bankruptcy code since March 11. Evans' liabilities currently exceed $750 million.

Drexel Burnham's participation in Evans' reorganization was expected to be approved by Judge Thomas Britton of the U.S. Bankruptcy Court in Miami on July 15, when a number of other issues affecting that reorganization were on the docket.

The Court was expected to rule on a motion to extend the period during which Evans can file an "exclusive" plan of reorganization, which had been due July 10. In ad-

(Continued on page 81)

NEWSBREAKS

84 BUYS EVANS UNITS. 84 Lumber has purchased four Steel City stores in Pittsburgh from Evans Products, as part of Evans' efforts to close or sell its less-profitable units during its Chapter 11 proceedings. The sale would require court approval.

INSIDE:

Walker-Kurth set to close doors for last time —Page 2
Yellow Pages prove retail headache -Page 67
Central Hardware parent adopts anti-takeover plan —Page 5
Hines inks buyout of 26 Chicago stores -Page 3

Four execs resign at Knox after buyout proposal fails

Southwest mulls revisions in plan

By Laura Liebeck
NHCN field editor

ST. PAUL — Four top Knox Lumber Co. executives resigned early this month, following their failure to raise the $30 million needed to purchase the 10-unit St. Paul-based chain from its parent, Southwest Forest Industries. Their efforts to buy the company are continuing, however.

"The perspective group had made certain changes in their proposal and we are reviewing them," said a Southwest spokesman. The details were not made public.

Knox Lumber Co. president Lawrence Platt, vp-administration Jim Hartman, vp Mel Maurer and comptroller Jean Wahlman resigned, effective July 3. Richard Miller, Southwest executive vp responsible for allied operations, was named ceo of the lumber company. Miller has been overseeing the Knox operation for Southwest since 1983, the Southwest Forest spokesman said.

John Lindahl, vp of Norwest

(Continued on page 82)

Lawrence Platt and three other Knox executives resigned their positions July 3 after an unsuccessful attempt to buy the 10-unit chain.

CBS, Pro Hardware strike deal to pool services, expand activities

By Phillip M. Perry
NHCN senior editor

NATIONAL REPORT — Central Builders Supplies and Pro Hardware signed an agreement July 1, to pool the services they offer their members. The alliance is intended to help both groups expand their activities into the home center field.

CBS is a nonprofit buying co-op with 410 retail members, primarily lumberyards, in 30 states. It moved some $120 million worth of building materials to its retail members last year.

Pro Hardware is a service organization for a group of 14 independent distributors serving 2,500 retailers—primarily hardware stores. Pro provides a store retail program, including hardware inventory management, advertising aides and sales promotions, that member distributors make available to their retailers. Distributors belonging to Pro sold $800 million worth of merchandise last year.

"Our goal is to expand our operations nationwide, and this arrangement makes us much more competitive than before," said Phil Pobanz, general manager and treasurer of CBS, based in Sturgis, Mich. Pobanz explained that Pro members have distribution centers that can serve all 48 contiguous states. In addition, Pro members offer some 12,000 stock keeping units of hardware that will round out CBS' presentation of basic building materials. While CBS had been offering hardware for the past two years through a relationship with

(Continued on page 6)

Depot debuts in West, plans rapid assault

By Brad Altman
NHCN associate editor

FULLERTON, Calif. — Signaling the start of a new wave of aggressive expansion, The Home Depot chose one of the West Coast's most competitive markets—Orange County—for the long-anticipated opening this month of its first two warehouses in California.

Chairman Bernard Marcus said the debut of the pair of 100,000-sq.-ft. stores—located in Fullerton and Huntington Beach—will be quickly followed by the opening of stores in the California markets of Los Angeles, San Diego and northern California, as well as in Jacksonville, Fla.

By next February, the now-37-unit chain will have grown to at least 53 stores, Marcus said. The store count will expand to 76 units by the end of 1986.

The Marcus strategy of moving "as rapidly as we can into the lucrative California region"

(Continued on page 81)

Aussies carve up $8 billion DIY market

By John Caulfield
NHCN senior editor

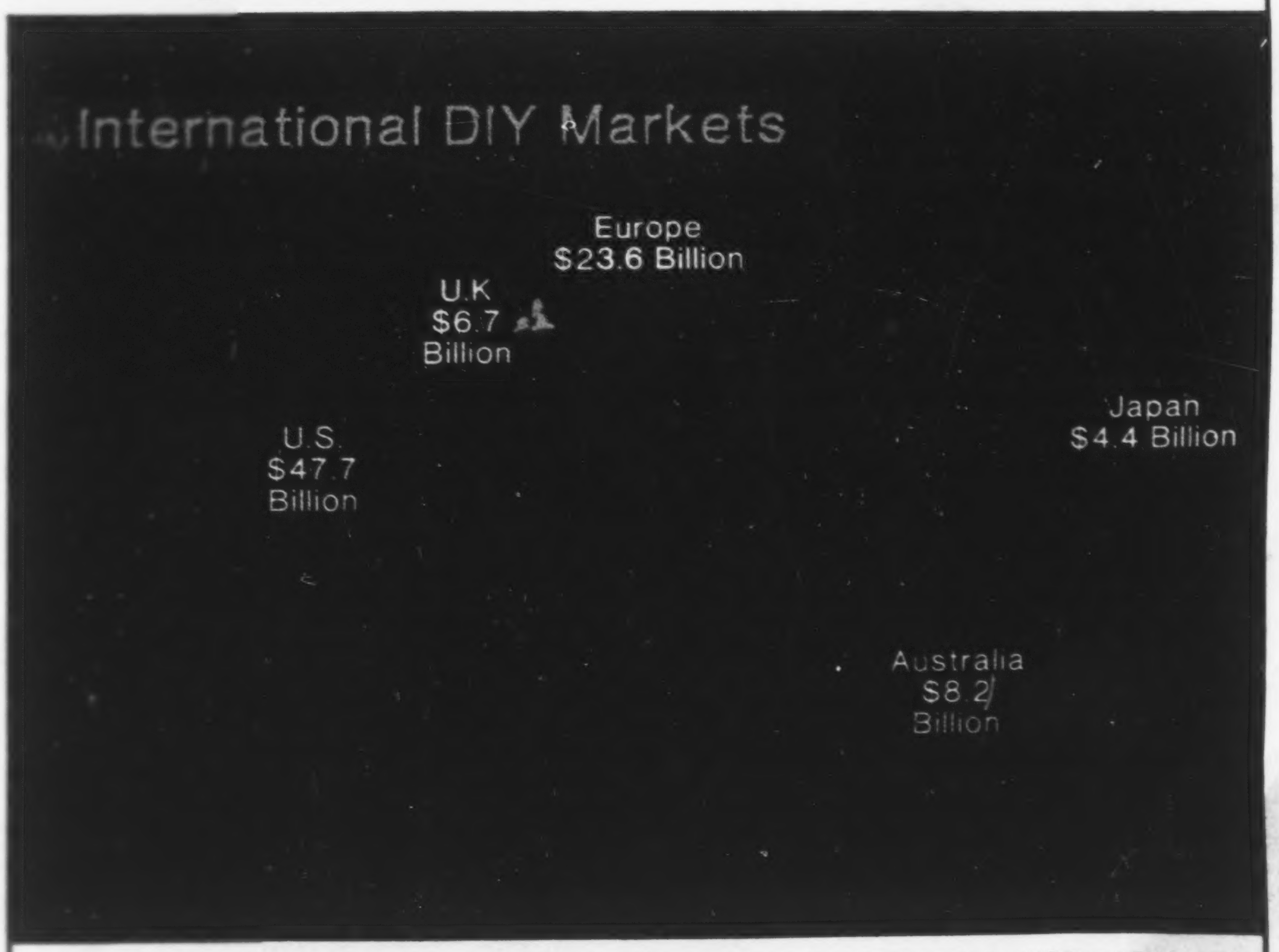
INTERNATIONAL REPORT — If you're a home center exec, you've likely done two things in the past year: visited a warehouse competitor in your market, and run into an Australian examining your store.

Where Americans are incorporating some of the features of warehouse retailing into their own units, Australians are flocking to the United States.

This corporate migration back and forth across the Pacific has resulted in the Australian market going "fairly wild" over the past two or three years, according to John Danks, chairman of John Danks & Sons, a Melbourne-based wholesaler.

"We opened our first *bona fide* home center, 30,000 sq. ft., in Sydney in 1963," recalls Jack Miller, general manager-operations for BBC Hardware, the 80-unit chain identified as one of the trendsetters and market leaders in this country. "But for some reason, it was not until the mid to late 70's that other companies began changing their

(Continued on page 19)



Source: All figures are for 1986. Australia and Japan; *NHCN* projections; United Kingdom and Europe, Frost & Sullivan projections; U.S. figure is DIY Research Institute projection for DIY market. *NHCN* graphic.

NHCNews Briefs

Industry Update

Builders Sq. sets 2nd Calif. site

RIVERSIDE, Calif. — Following Builders Square's debut here of its first West Coast unit—a 91,000-sq.-ft. former ice-skating rink scheduled to open "sometime in August," senior vp Jud Walford said the 21-unit K mart subsidiary will follow up "shortly afterward" with its second California warehouse store—in Oxnard, north of Los Angeles.

BUILDERS SQUARE℠

The Oxnard facility, situated on Wagon Wheel at Highway 101, will be a retrofit of an 80,000-sq.-ft. ex-Zodys discount store. Walford said Builders Square expects to have 20 stores open in southern California by the end of 1986.

"We believe in that market and we're going after it," Walford said of the hotly contested battle for a share of California's DIY business.

Scotts shareholders tender stock

STAMFORD, Conn. — General Host said a majority of the outstanding shares of Scotts Seaboard common stock had been tendered, following its offer to purchase the $37.4 million chain of home centers based in Linthicum, Md.

By the second week in July, shareholders had tendered 1,586,000 shares, representing 88% of outstanding stock, to the acquiring firm. General Host said it intended to acquire all of the stock rather than to have minority shareholders.

When General Host first made its purchase offer for Scotts on June 7, it said the offer was contingent on the tender of at least 51% of the target firm's outstanding stock (*NHCN*, July 1).

Paty to open earlier than planned

PINEY FLATS, Tenn. — The six-unit Paty Co., based here, will open its expanded Kingsport, Tenn., store by early August, nearly five months ahead of schedule.

John Kiss, marketing vp, said the company wants to open the unit "by the end of July" but isn't sure that deadline can be met.

The grand opening of the retrofitted store is being scheduled for Labor Day weekend, he said.

The Kingsport store will be more than twice the size of Paty's largest store, at 40,000 sq. ft.

Scotty's yearly sales up 7%

WINTER HAVEN, Fla. — Scotty's reported a 7% sales increase to $453.43 million for the fiscal year ended June 29. Fourth quarter sales were $120.4 million, up 6% from the comparable year-earlier quarter.

Consumer sales were quite strong through May but softened somewhat in June, according to Harold W. Taylor, senior vp and cfo. In the five-week period ended June 29, sales gained 5% to $43.74 million.

Scotty's operates 116 stores including two Scotty's factory outlets and six Scotty's hardware stores.

Forest City to acquire 2 new units

CLEVELAND — Forest City Enterprises plans to acquire at least two retail outlets within the next 60 days *NHCN* has learned.

"We plan on opening them [as Forest City outlets] within three months," said corporate vice chairman Samuel H. Miller.

Miller said the stores were located within the company's current trading area, but would not specify the cities involved. He would not indicate whether the stores were independent operations or part of chains.

Miller's comments followed a statement made June 11 to shareholders at the corporation's annual meeting, that the company planned to make "strategic real estate moves to consolidate our strength in existing markets."

In other annual meeting news, Forest City elected Ronald Ratner to its board of directors, giving the three controlling families a majority of the board seats. (*NHCN*, June 17.)

National Home Center News (ISSN 0192-6772) is published biweekly, every other Monday, 25 times a year, beginning with the first Monday in January through the fourth Monday in November, monthly in December; by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Manufacturers, schools, libraries and all others: $25 a year ($26 Canadian). Single copy rate $2 except first May issue (Annual Census) and second July issue (Consumer Attitude Study) $15 each. Foreign subscriptions: Airmail only, $125 per year.

Second class postage paid at New York, N.Y., and additional mailing offices. Vol. 11., No. 16, Copyright© 1985 by Lebhar-Friedman Inc. All rights reserved. Postmaster: Please send address changes to Subscription Dept., National Home Center News, 99 Park Ave., New York, N.Y. 10157. For change of address six weeks is requested. Give old and new address and zip code. If possible, enclose address portion from cover on previous issue.

Vol. 11, No. 16 July 29, 1985

Champion execs arrange buyout of some bldg. product operations

STAMFORD, Conn. — Champion International has agreed to sell several of its building products operations, which last year generated $1.2 billion in sales for the company, to members of current management in a leveraged buyout transaction. Champion, like many forest products companies, plans to focus on its pulp and paper manufacturing businesses.

The divestiture is expected to be consumated sometime next month, according to Jack Armstrong, Champion's sales and distribution vp, who will become executive vp of the new company, U.S. Plywood.

Champion officials said that the sale is the largest yet in the company's asset divestiture program aimed at reducing $1.2 billion in debt incurred in Champion's late-1984 acquisition of St. Regis Corp. Earlier this year, Champion closed seven building products plants on the West Coast, laying off about 2,000 employees from the company's workforce of 50,000. In 1984, Champion lost $6 million on sales of $5.1 billion, a 20.1% sales increase from the previous year.

U.S. Plywood's operations will consist of a national sales and distribution organization, an industrial particleboard business and several paneling, hardwood, plywood, hardboard and hardboard siding plants. With approximately 2,700 employees, the new company will be serving residential and commercial construction markets, furniture, repair and remodeling and manufactured housing markets.

Besides Armstrong, investors in the new venture include president and ceo Dick Lowery, who had been exec vp of Champion's international building products division, and several other members of Champion's former building products management group. The leveraged buyout was arranged by Goldman, Sachs & Co. and is being financed by a group of lenders and investors headed by Heller Financial Inc. and Security Pacific Business Credit Inc. Champion is retaining a minority shareholder position in the new company.

Armstrong said he expects U.S. Plywood to garner sales of about $1 billion during its first year. "The businesses have been and are profitable," noted Armstrong.

U.S. Plywood, which will be headquartered in Fairfield County, Conn., will be independent from Champion, but will continue to distribute a substantial share of Champion's plywood production.

Walker-Kurth set to close its doors for the last time

HOUSTON — With only days left to tie up the last few loose strings, "everything is just about done," said Bob Fountain, director of administration and secretary of the Walker-Kurth Lumber Co. of Houston.

He and a few others have been left to complete the remaining paperwork and prepare to lock the last door on Aug. 1, 34 years after the mostly contractor business entered the Houston market. Chronic unprofitability was cited as the reason for Walker-Kurth's demise (*NHCN*, May 20).

The five-unit company which posted 1984 sales of $48 million—ranked 67th on *National Home Center News'* Top 100 list of home center companies—closed the last of its units in June and was completely liquidated of its inventory by June 30, said Fountain.

(Continued on page 81)

Wickes finds no teeth to this shark's bite

SANTA MONICA, Calif. — At first, it looked like another corporate raider might be after Wickes, a company whose stock had been pursued vigorously by Saul Steinberg's Reliance Group earlier this year. Last month, the retailer received a copy of a document filed with the SEC stating that Value Investors, Des Moines, Iowa, had snapped up 16.225% of Wickes' outstanding common stock.

When figures used to support the statement were reviewed, however, doubts emerged. According to the document, Value had purchased 15,414 outstanding shares. To capture the percentage specified, Value would have had to acquire just about 1,000 times that number.

"It was a clerical error," acknowledged Ralph Kosmicke, president of Value, an investment advisory firm. "We only bought the 15,414 shares. The document should never have been filed." Value, it seems, owns less than one-fiftieth of 1% of Wickes' outstanding stock. The SEC requires notification when over 5% of a target company's securities are owned.

In other stock news from Wickes, the company said it would make its first scheduled quarterly dividend on its new $2.50 preferred issue Aug. 1. The dividend, in the amount of 62.5¢ per share, covers the period from the initial issuance of the stock, on May 1, through and including July 31.

Highlights in this issue

INTERNATIONAL REPORT

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- *Government policies impact Australian housing and DIY sales* **—Page 24**
- *Japan's island culture spawns "fix-it-up" ways* **—Page 37**
- *Japan's DIY industry projected at $4B in 1985* **—Page 37**
- *English retailer branches out into DIY auto care* **—Page 43**
- *Wickes sells West German units to focus efforts on other countries* **—Page 49**
- *DIY sales in Common Market to hit $30.5 million* **—Page 50**
- *Not much in common in European DIY markets* **—Page 52**

ADVERTISING & MARKETING

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- *New manufacturers studies show insulation market not saturated—Two new surveys show that a large number of homeowners still have inadequate insulation and some have none at all, but the potential customer is not necessarily the one with the least insulation, but the one who perceives the need to add it.* **—Page 67**
- *Goodbuys kicks off paint promo with dollar power roller* **—Page 67**

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MERCHANDISING

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- *New York town passes law to restrict blower noise* **—Page 62**
- *Leaf blowers sell well even in leafless areas* **—Page 63**
- *Registration increases for Louisville L&G expo* **—Page 64**

FINANCIAL NEWS

33 **Gainers**

3 Unchanged

20 **Losers**

Gainers outnumbered price-percentage losers, 33 to 20, with three stocks unchanged, as the two-week period ended July 12 was marked by heavy trading on home center industry issues.

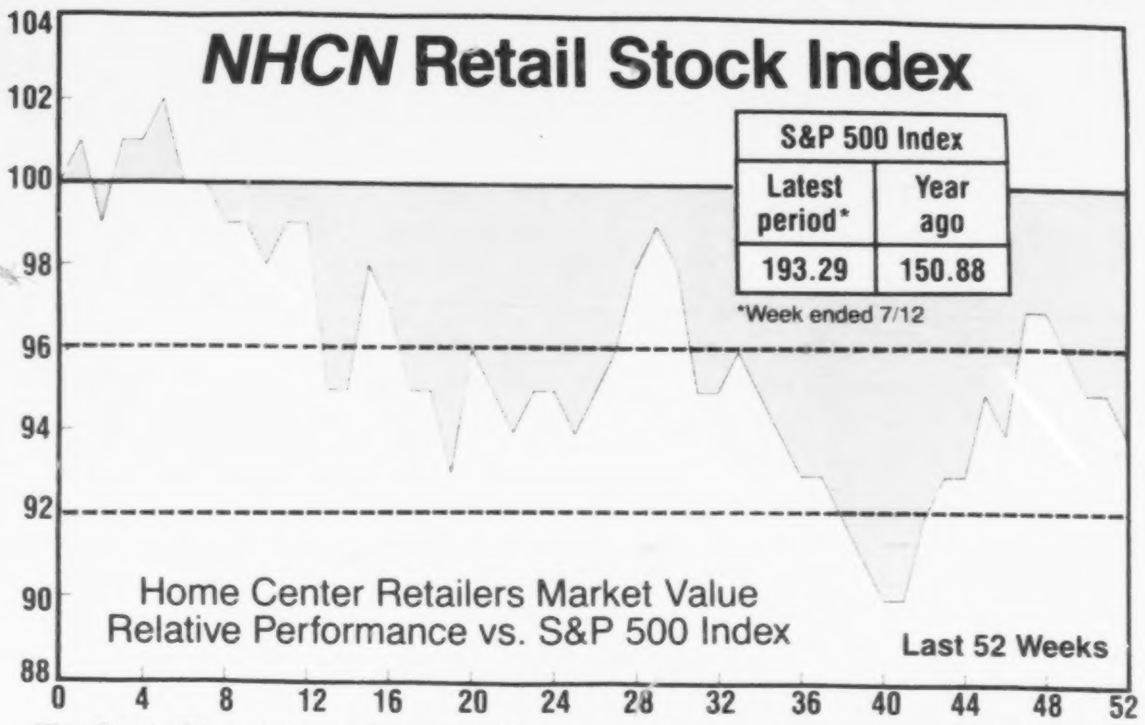
Forty-four of the 56 stocks listed on the *NHCN* Industry Market Summary traded at a higher volume than their 12-week average during the latest two-week period. Edward Hines Lumber (which on July 3 agreed to sell its 26 Chicago area stores to ceo Edward Hines and his family, story page 3), Scotty's and Payless Cashways were among the most active retail stocks.

The *NHCN* Retail Stock Index, which closed at 94, lost ground relative to Standard & Poor's 500 Index, which closed the two-week period at 193.29, up 28% from its year-ago figure.

Michigan General, parent of Diamond Lumber, bounded back from a 17.8% decline in the previous two-week period, to close the latest period, up 8.1% to $5 on two million shares traded.

Evans Products closed the period at $1.88, up 7.1% on 556,000 shares traded, while Lowe's was up 6% to $28.50 on a volume of some 5.3 million shares.

Scotty's climbed 4.6% to $14.13 on 1.6 million shares traded, for the period ended July 12. National Lumber, which recently opened its 16th store (*NHCN*, July 15), was up 4.5% to $5.75 for the period.



The Retail Stock Index is calculated for each of the past 52 weeks by multiplying the market value of home center issues (combined price divided by total shares outstanding) by a constant which adjusts the index to show its relation to performance of S&P 500 Index over the past 52 weeks.

MOST ACTIVE STOCKS

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
	(100)	%	%
DeSoto Inc N	2,292	386.9	- 4.2
Color Tile M	10,512	355.6	3.6
Hines Ed Lumber O	216	284.4	1.9
Walter, Jim N	14,177	279.2	- 2.4
Pope & Talbot N	502	250.0	1.9

Company & Market	Total 2-Week Volume	Volume Trend Change	2-Week Price Change
	(100)	%	%
Emhart Corp N	6,866	219.2	5.9
Scotty's Inc N	1,644	188.4	4.6
Ply-Gem A	1,139	178.8	.8
Payless Cash N	14,453	172.5	10.2
Natl Gypsum N	7,052	161.8	2.4

TOP GAINERS

Company & Market	2-Weeks Ended 7-12-85	2-Week Price Change	Total 2-Week Volume
	$	%	(100)
Allegheny Int N	25.63	12.0	1,920
Newell Co N	17.63	8.5	611
Mich General A	5.00	8.1	2,001
Evans Prod N	1.88	7.1	556
Potlatch Cp N	37.25	6.8	613

TOP LOSERS

Company & Market	2-Weeks Ended 7-12-85	2-Week Price Change	Total 2-Week Volume
	$	%	(100)
Clopay Corp A	15.50	- 18.4	94
Edison Bros N	32.00	- 15.0	1,514
Payless Cash N	16.50	- 10.2	14,453
Homecrafters Whse M	7.50	- 9.1	756
Waxman Ind M	14.38	- 8.0	681

National Home Center News HOME CENTER INDUSTRY MARKET SUMMARY

	Stock Market											Financial Update																	
	Price							Volume							Latest Report			Latest Quarter						Year-to-Date					
	2-Weeks Ended	2-Weeks Change		2-Week Range		52-Week Range		2-Weeks Shares Traded		12-Week Avg. Vol.	Volume Trend	P/E	Indicated Divd. Rate		New		Date	Revenue		Net Income		E.P.S.		Revenue		Net Income		E.P.S.	
Company and Market	7-12-85	Amt.	Pct.	High	Low	High	Low	Total	% Out	As % Out	Change	Ratio	Amt.	Yld.	Report	Period	Ended	Amt.	Chg.	Amt.	Chg.	Amt.	Chg.	Amt.	Chg.	Amt.	Chg.	Amt.	Chg.
-	$	$	%	$	$	$	$	(100)	%	%	%	-	$	%	-	-	-	$Mil	%	$Mil	%	$	%	$Mil	%	$Mil	%	$	%
Retailers																													
Boise Cascade N	49.50	1.25	2.6	50.25	46.25	50.25	32.50	8,283	3.03	1.96	54.6	20.6	1.90	3.8	.....	3 mos.	03-85	957.5	1.0	33.3	19.4	1.12	17.9	957.5	1.0	33.3	19.4	1.12	17.9
Color Tile M	18.13	.63	3.6	18.50	17.25	20.00	14.25	10,512	11.39	2.50	355.6	12.9	.00	.0	.....	9 mos.	03-85	90.7	14.7	3.1	- 20.5	.33	- 19.5	249.4	18.4	9.3	- 8.8	1.01	- 1.9
Edison Bros N	32.00	- 5.63	- 15.0	38.25	31.00	38.25	31.00	1,514	1.49	.67	122.4	12.2	1.60	5.0	.....	3 mos.	03-85	276.9	- 9.2	3.9	- 61.0	.38	- 60.0	276.9	- 9.2	3.9	- 61.0	.38	- 60.0
Erb Lumber O	22.50	.00	.0	24.50	22.50	22.50	18.00	2	.02	.10	- 80.0	6.8	.00	.0	.....	3 mos.	03-85	27.1	2.3	(.4)	NE	(.40)	NE	27.1	2.3	(.4)	NE	(.40)	NE
Evans Prod N	1.88	.13	7.1	1.88	1.75	6.25	1.75	556	.40	.28	42.9	NE	.00a	.0	.....	3 mos.	03-85	229.3	- 9.9	(39.7)	NE	(2.95)	NE	229.3	- 9.9	(39.7)	NE	(2.95)	NE
Forest City Ent A	22.25	.25	1.1	22.50	22.00	22.50	15.00	30	.07	.04	75.0	45.4	.15	.7	.....	fiscal	01-85	75.3	20.7	.9	NE	.09	NE	264.5	6.2	3.9	- 7.1	.49	- 5.8
Grace W R N	41.25	.88	2.2	41.25	40.13	44.50	38.50	4,370	.90	1.00	- 10.0	10.9	2.80	6.8	.....	3 mos.	03-85	1580.0	5.5	35.5	- 22.7	.72	- 23.4	1580.0	5.5	35.5	- 22.7	.72	- 23.4
Hechinger A M	18.75	.00	.0	19.50	18.25	23.19	13.81	3,068	3.51	2.39	46.9	NA	.16	.9	.....		00-00	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Hechinger B M	19.25	.75	4.1	19.75	18.50	24.19	13.81	1,732	.76	.30	153.3	20.5	.08	.4	NEW	3 mos.	04-85	114.6	30.4	3.8	11.8	.17	13.3	114.6	30.4	3.8	11.8	.17	13.3
Hines Ed Lumber O	39.75	.75	1.9	40.50	39.00	43.75	34.50	216	1.23	.32	284.4	29.7	1.00	2.5	NEW	3 mos.	03-85	49.6	.2	(.8)	NE	(.48)	NE	49.6	.2	(.8)	NE	(.48)	NE
Homecrafters Whse M	7.50	- .75	- 9.1	8.63	7.50	16.25	5.25	756	2.68	1.93	38.9	NE	.00	.0	NEW	3 mos.	04-85	45.8	25.5	(1.5)	- 100.0	(.54)	- 100.0	45.8	25.5	(1.5)	- 100.0	(.54)	- 100.0
Home Depot N	13.75	.50	3.8	14.13	12.63	27.88	12.00	10,767	4.30	2.01	113.9	27.5	.00	.0	NEW	3 mos.	04-85	145.0	51.2	1.9	- 44.1	.08	- 42.9	145.0	51.2	1.9	- 44.1	.08	- 42.9
INTERCO Inc N	66.25	- .50	- .7	66.88	64.75	70.50	55.00	3,705	2.63	1.99	32.2	16.6	3.08	4.6	NEW	3 mos.	05-85	589.0	- 8.8	11.2	- 42.6	.71	- 39.3	589.0	- 8.8	11.2	- 42.6	.71	- 39.3
K mart Cp N	36.38	- 2.00	- 5.2	39.00	36.00	41.50	29.25	29,226	2.34	1.42	64.8	9.4	1.40	3.8	.....	3 mos.	04-85	4984.1	19.3	58.5	.9	.46	2.2	4984.1	19.3	58.5	.9	.46	2.2
Lowe's Cos N	28.50	1.63	6.0	28.75	26.63	31.13	16.25	5,307	1.46	1.03	41.7	17.0	.36	1.3	.....	3 mos.	04-85	452.3	18.9	11.9	- 6.3	.33	- 5.7	452.3	18.9	11.9	- 6.3	.33	- 5.7
Mich General A	5.00	.38	8.1	5.50	4.50	8.50	4.50	2,001	1.76	1.04	69.2	23.8	.00	.0	.....	3 mos.	03-85	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0	88.1	- 10.0	(2.6)	- 100.0	(.23)	- 100.0
Natl Lumber M	5.75	.25	4.5	6.00	5.00	7.50	4.50	673	1.19	.52	128.8	27.4	.00	.0	.....	3 mos.	03-85	31.4	10.2	.2	- 33.3	.03	- 50.0	31.4	10.2	.2	- 33.3	.03	- 50.0
Pay N Pak N	14.50	.00	.0	14.88	14.13	17.50	11.50	1,782	1.78	1.96	- 9.2	14.8	.64	4.4	NEW	3 mos.	05-85	82.6	11.0	2.1	- 12.5	.21	- 12.5	82.6	11.0	2.1	- 12.5	.21	- 12.5
Payless Cash N	16.50	- 1.88	- 10.2	18.38	16.50	23.38	13.50	14,453	4.17	1.53	172.5	14.6	.16	1.0	.....	6 mos.	05-85	376.5	20.7	13.0	6.6	.39	5.4	631.4	23.9	14.6	- 1.4	.44	- 4.3
Scotty's Inc N	14.13	.63	4.6	14.75	13.38	16.38	11.38	1,644	1.24	.43	188.4	10.6	.52	3.7	.....	9 mos.	03-85	121.7	6.0	5.0	- 12.3	.38	- 13.6	333.0	7.2	12.0	- 1.6	.90	- 6.3
Sears, Roebuck N	36.50	- 1.88	- 4.9	38.63	36.38	39.13	29.75	46,833	1.30	.90	44.4	9.1	1.76	4.8	.....	3 mos.	03-85	8902.9	5.4	223.3	4.4	.60	.0	8902.9	5.4	223.3	4.4	.60	.0
Std Brd Pnt N	22.75	- .88	- 3.7	23.88	22.75	23.88	16.50	1,626	1.46	1.34	9.0	12.1	.56	2.5	.....	3 mos.	04-85	80.9	4.0	4.8	4.3	.43	2.4	80.9	4.0	4.8	4.3	.43	2.4
Supermkts Gen N	47.75	1.50	3.2	48.38	46.00	48.38	23.63	2,092	1.17	1.44	- 18.8	14.2	.48	1.0	.....	3 mos.	04-85	1215.4	37.2	11.8	181.0	.66	175.0	1215.4	37.2	11.8	181.0	.66	175.0
Wolohan Lumber M	6.88	.13	1.9	7.00	6.63	7.25	4.00	813	1.39	1.19	16.8	15.6	.16	2.3	.....	3 mos.	03-85	23.1	4.1	(.3)	NE	(.06)	NE	23.1	4.1	(.3)	NE	(.06)	NE
Wholesalers																													
Lewis Palmer M	8.50	.13	1.5	8.50	8.13	9.75	7.13	312	.83	.64	29.7	40.5	.28b	3.3	NEW	3 mos.	04-85	33.0	13.4	.0	- 100.0	.00	- 100.0	33.0	13.4	.0	- 100.0	.00	- 100.0
Manufacturers																													
Allegheny Int N	25.63	2.75	12.0	25.88	22.63	28.75	19.38	1,920	1.82	1.07	70.1	NE	1.40	5.5	.....	3 mos.	03-85	507.2	1.9	5.1	- 7.3	(.35)	NE	507.2	1.9	5.1	- 7.3	(.35)	NE
Am Standard N	30.63	.75	2.5	31.25	29.75	35.38	24.13	5,120	1.31	.98	33.7	10.3	1.60	5.2	.....	3 mos.	03-85	789.0	25.1	20.3	2.0	.52	- 17.5	789.0	25.1	20.3	2.0	.52	- 17.5
Armstrng Wrld N	37.50	- 1.50	- 3.8	39.75	37.00	39.75	23.25	8,162	3.42	1.37	149.6	10.4	1.30	3.5	.....	3 mos.	03-85	376.6	- 1.8	17.9	- 23.8	.75	- 20.2	376.6	- 1.8	17.9	- 23.8	.75	- 20.2
Black & Decker N	20.13	.38	1.9	20.75	19.63	26.88	17.25	10,108	2.01	2.08	- 3.4	11.4	.64	3.2	.....	6 mos.	03-85	403.1	26.4	14.8	- 35.9	.29	- 40.8	906.1	33.8	43.8	- 12.0	.86	- 18.1
Certain-teed N	26.13	- 1.38	- 5.0	28.13	26.00	28.50	15.75	1,874	.99	.58	70.7	12.3	.70	2.7	.....	3 mos.	03-85	252.9	- 9.3	8.2	- 9.9	.41	- 8.9	252.9	- 9.3	8.2	- 9.9	.41	- 8.9
Champ Intl N	23.88	.75	3.2	24.00	22.38	26.75	16.88	19,747	2.13	1.50	42.0	NE	.40	1.7	.....	3 mos.	03-85	1645.8	43.4	43.8	50.5	.43	- 6.5	1645.8	43.4	43.8	50.5	.43	- 6.5
Clopay Corp A	15.50	- 3.50	- 18.4	19.13	15.50	22.19	10.91	94	.63	.65	- 3.1	10.3	.16	1.0	.....	3 mos.	03-85	29.2	5.4	(.5)	NE	(.29)	NE	29.2	5.4	(.5)	NE	(.29)	NE
DeSoto Inc N	34.25	- 1.50	- 4.2	36.25	34.00	37.88	27.50	2,292	4.82	.99	386.9	11.1	1.40	4.1	.....	3 mos.	03-85	93.0	4.8	.8	- 77.8	.17	- 73.8	93.0	4.8	.8	- 77.8	.17	- 73.8
Emhart Corp N	31.63	1.75	5.9	31.75	29.25	32.25	24.53	6,866	2.49	.78	219.2	10.8	1.40b	4.4	.....	3 mos.	03-85	419.9	- 8.9	14.1	- 33.5	.51	- 40.0	419.9	- 8.9	14.1	- 33.5	.51	- 40.0
Georgia-Pacifc N	24.50	.75	3.2	25.00	23.75	27.38	19.25	10,813	1.05	1.14	- 7.9	23.8	.80	3.3	.....	3 mos.	03-85	1580.0	6.2	49.0	- 3.9	.43	16.2	1580.0	6.2	49.0	- 3.9	.43	16.2
Insilco Corp N	19.13	- .13	- .6	19.38	18.75	20.72	13.81	2,715	1.52	.96	58.3	10.7	1.00b	5.2	.....	3 mos.	03-85	197.3	4.8	6.0	- 9.1	.33	- 8.3	197.3	4.8	6.0	- 9.1	.33	- 8.3
La Pacific N	22.50	.38	1.7	22.75	21.75	24.75	16.50	5,325	1.50	.77	94.8	20.3	.80b	3.6	NEW	3 mos.	03-85	271.0	- 12.3	2.4	- 64.7	.07	- 63.2	271.0	- 12.3	2.4	- 64.7	.07	- 63.2
MacMlln Bldel N	15.75	- .25	- 1.6	16.13	15.13	21.81	15.00	137	.05	.09	- 44.4	33.5	.00a	.0	NEW	3 mos.	03-85	538.6	30.8	2.6	NE	(.13)	NE	538.6	30.8	2.6	NE	(.13)	NE
Manville Cp N	5.88	- .13	- 2.1	6.13	5.50	9.38	5.13	2,284	.95	1.18	- 19.5	2.7	.00	.0	NEW	3 mos.	03-85	433.2	5.6	12.2	- 3.9	.25	- 7.4	433.2	5.6	12.2	- 3.9	.25	- 7.4
Masco Corp N	35.50	.25	.7	36.00	35.00	36.00	24.00	9,803	1.73	.94	84.0	20.6	.56	1.6	.....	3 mos.	03-85	229.0	63.3	35.5	454.7	.61	- 31.5	229.0	63.3	35.5	454.7	.61	- 31.5
Mor-Flo Inds M	18.88	- .63	- 3.2	19.25	18.75	20.25	11.38	138	.54	.50	8.0	7.2	.01	.1	.....	3 mos.	03-85	52.4	7.2	1.7	13.3	.65	6.6	52.4	7.2	1.7	13.3	.65	6.6
Natl Gypsum N	47.50	1.13	2.4	48.75	45.88	48.75	28.00	7,052	4.53	1.73	161.8	6.8	2.00	4.2	.....	3 mos.	03-85	365.8	- 6.2	26.0	7.4	1.67	7.7	365.8	- 6.2	26.0	7.4	1.67	7.7
Newell Co N	17.63	1.38	8.5	18.63	16.38	19.00	13.25	611	.71	.44	61.4	10.8	.50	2.8	.....	3 mos.	03-85	79.5	4.3	3.2	10.3	.35	2.9	79.5	4.3	3.2	10.3	.35	2.9
Owens Corning N	33.75	- 1.63	- 4.6	35.38	33.50	37.00	25.13	4,080	1.38	.80	72.5	8.2	1.40	4.1	.....	3 mos.	03-85	678.0	- 2.4	28.0	35.3	.95	35.7	678.0	- 2.4	28.0	35.3	.95	35.7
Ply-Gem A	16.13	.13	.8	16.25	15.75	16.50	11.00	1,139	3.15	1.13	178.8	13.6	.16	1.0	.....	3 mos.	03-85	40.7	3.8	1.1	.0	.30	- 9.1	40.7	3.8	1.1	.0	.30	- 9.1
Pope & Talbot N	19.75	.38	1.9	20.38	19.38	21.50	15.00	502	.84	.24	250.0	NE	.80	4.1	.....	3 mos.	03-85	83.1	3.6	2.2	4.8	.37	5.7	83.1	3.6	2.2	4.8	.37	5.7
Potlatch Cp N	37.25	2.38	6.8	37.25	34.50	38.13	25.75	613	.40	.35	14.3	13.3	1.56	4.2	.....	3 mos.	03-85	234.7	- 6.2	11.5	- 8.0	.67	1.5	234.7	- 6.2	11.5	- 8.0	.67	1.5
Sherwin-Wms N	39.00	.50	1.3	39.25	36.50	39.88	24.00	3,060	1.36	.80	70.0	13.6	.92	2.4	.....	3 mos.	03-85	492.1	6.1	5.7	14.0	.25	13.6	492.1	6.1	5.7	14.0	.25	13.6
SW Forest Ind N	13.25	- .75	- 5.4	13.75	13.00	18.75	11.75	1,833	1.97	2.02	- 2.5	44.2	.00	.0	.....	3 mos.	03-85	170.5	- 2.5	(1.6)	- 100.0	(.33)	- 100.0	170.5	- 2.5	(1.6)	- 100.0	(.33)	- 100.0
Stanley Works N	29.00	- .50	- 1.7	30.13	28.50	31.00	19.50	3,353	1.25	.83	50.6	11.0	.96	3.3	.....	3 mos.	03-85	276.9	4.3	14.0	1.4	.52	6.1	276.9	4.3	14.0	1.4	.52	6.1
Thos Inds N	17.75	.75	4.4	17.75	16.75	18.88	12.72	349	.41	.37	10.8	10.1	.68b	3.8	.....	3 mos.	03-85	73.9	17.5	3.2	- 22.0	.37	- 22.9	73.9	17.5	3.2	- 22.0	.37	- 22.9
Triangle Pac N	29.63	1.25	4.4	29.63	28.50	31.25	20.75	412	1.01	2.09	- 51.7	8.9	1.00	3.4	.....	3 mos.	03-85	62.1	.6	2.6	4.0	.62	3.3	62.1	.6	2.6	4.0	.62	3.3
USG Corp N	42.75	.25	.6	44.50	41.50	44.50	22.50	7,720	2.34	1.39	68.3	7.5	1.68	3.9	.....	3 mos.	03-85	588.3	22.4	42.5	7.6	1.28	7.6	588.3	22.4	42.5	7.6	1.28	7.6
Walter, Jim N	36.25	- .88	- 2.4	37.13	34.75	39.25	22.00	14,177	6.75	1.78	279.2	7.4	1.40	3.9	.....	9 mos.	05-85	579.8	2.7	31.2	6.1	1.43	5.9	1664.4	- 1.7	73.3	15.8	3.36	15.9
Waxman Ind M	14.38	- 1.25	- 8.0	15.88	14.25	16.88	4.75	681	2.25	3.96	- 43.2	18.2	.08	.6	.....	9 mos.	03-85	20.5	97.1	.5	66.7	.19	58.3	61.4	105.4	1.7	142.9	.66	144.4
Weyerhaeuser N	29.50	.75	2.6	29.63	28.13	34.00	25.88	17,891	1.38	.67	106.0	19.3	1.30	4.4	.....	3 mos.	03-85	1275.7	- .1	38.2	4.4	.24	4.3	1275.7	- .1	38.2	4.4	.24	4.3

All data is based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend

b—Indicates cash plus stock dividend when applied to dividend amount column

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

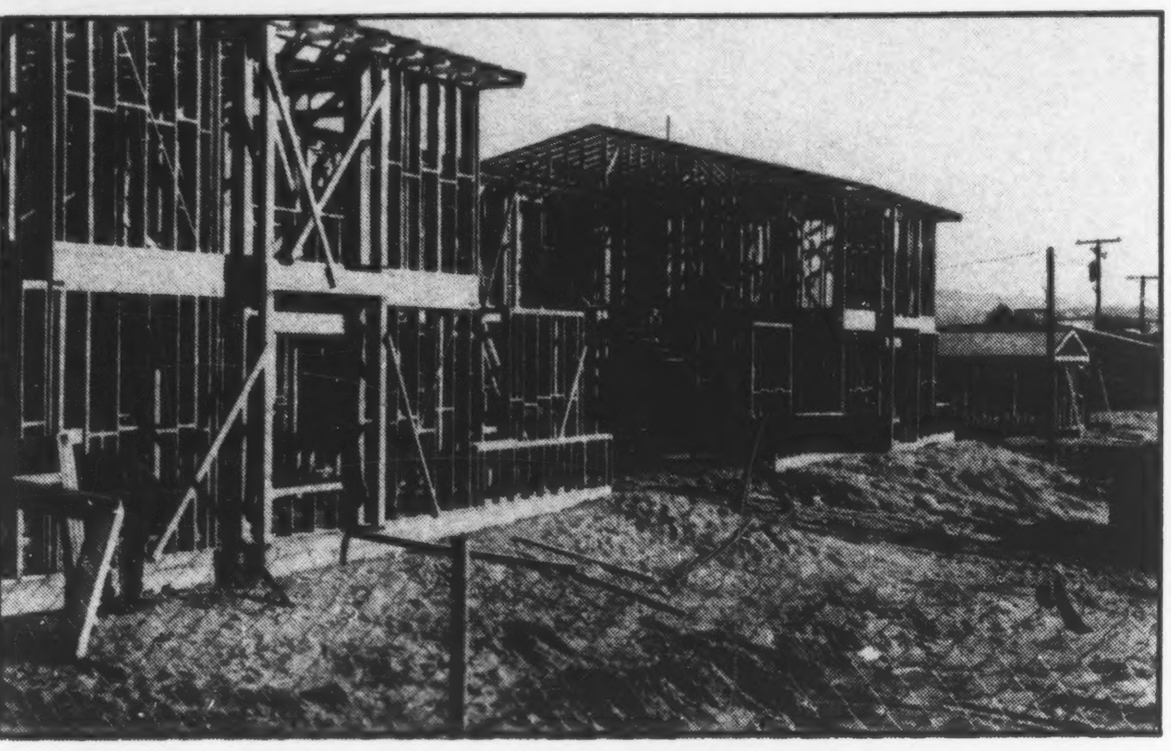
HOUSING WATCH

NAR housing outlook optimistic for near future

NAR housing predictions

	1985	1986	1987
Existing home sale (mil.)	3.05	3.11	3.02
Price ($)	$75,000	$77,800	$81,200
New home starts (mil.)	1.875	1.9	1.85
Price ($)	$84,600	$89,600	$94,800

Source: National Assn. of Realtors



While the NAR predicts that sales of existing homes will accelerate through 1986, they also note that the cost of purchasing those homes will also rise. This year, the NAR projects existing homes will sell for a median price of $75,000, 3.7% more than last year. In 1986, the trade organization estimates that resale prices will rise another 3.8% to a median $77,800.

NHCN chart and photo

NATIONAL REPORT — Existing single-family home sales are predicted to hit 3.05 million units this year, making 1985 the best resale year since 1979, when 3.83 million houses were sold, according to the National Assn. of Realtors.

This record year should be surpassed in 1986 when the NAR is projecting home resales to total 3.11 million units.

The momentum is predicted to end in 1987, however, due to forecasted higher interest rates. That year resales are projected to be 3.02 million units, the NRA said.

While the sale of existing homes accelerates through 1986, the NAR noted that the cost of purchasing those homes also will rise. This year, the NAR projects existing homes will sell for a median price of $75,000, 3.7% more than last year. In 1986, the trade organization estimates that resale prices will rise another 3.8% to a median $77,800 and in 1987 the price of an existing single-family home is predicted to rise 4.3%.

At the same time, however, the NAR predicts that the cost of newly built homes will rise even faster than resales, about 6% per year to an average median cost in 1986 of $89,600, up 5.7% over 1985, when the year-end home price is projected to be a median $84,600.

Activity for new housing starts is expected to be strong through 1986 as well, the NAR reports. It predicts 1985 will tally 1.875 million new starts, slightly higher than the level forecasted by the National Assn. of Home Builders and the Federal Home Loan Mortgage Corp. However, the NAR projects 1986 will yield 1.9 million new housing starts before falling back to 1.85 million units in 1987.

The optimism expressed by American realtors and economists over the domestic housing market is being mirrored by authorities in Europe.

According to a recent NAR survey of more than 500 members of the International Real Estate Federation, activity in both the existing home sales and new housing starts arena are expected to rise through 1990.

Fifty-five per cent of the respondents said they expect activity of existing single-family homes sales to increase over the next year, and 73% are optimistic the sales pace will continue to rise over the next five years, about the same level reported to the NAR last year, the organization noted.

The respondents also reported that they are very optimistic about activity for new home construction: 50% said they expect to chart an increase over the next 12 months, and 67% said they expect increases to continue for the next five years. Last year the survey revealed that realtors were less optimistic about home sales activity.

The results of the recent survey were presented in Rome last month by Dr. Jack Carlson, executive officer and chief economist of the NAR.

Carlson noted that nearly 60% of the international realtors expect home prices to rise over the next 12 months and that 90% of them are certain prices will rise through 1990.

The survey's respondents were split almost equally between those predicting mortgage rate increases and decreases in the five-year period with most predicting the current rates should stay constant through next May.

Mortgage rates in the U.S. have been falling in recent months. The NAR is predicting that fixed-rate mortgages will fall to 12.4% by the fourth quarter, down from 13.7% in the first quarter. The group also is predicting that the rates will drop to 11.8% during the second half of 1986 before edging back up in 1987.

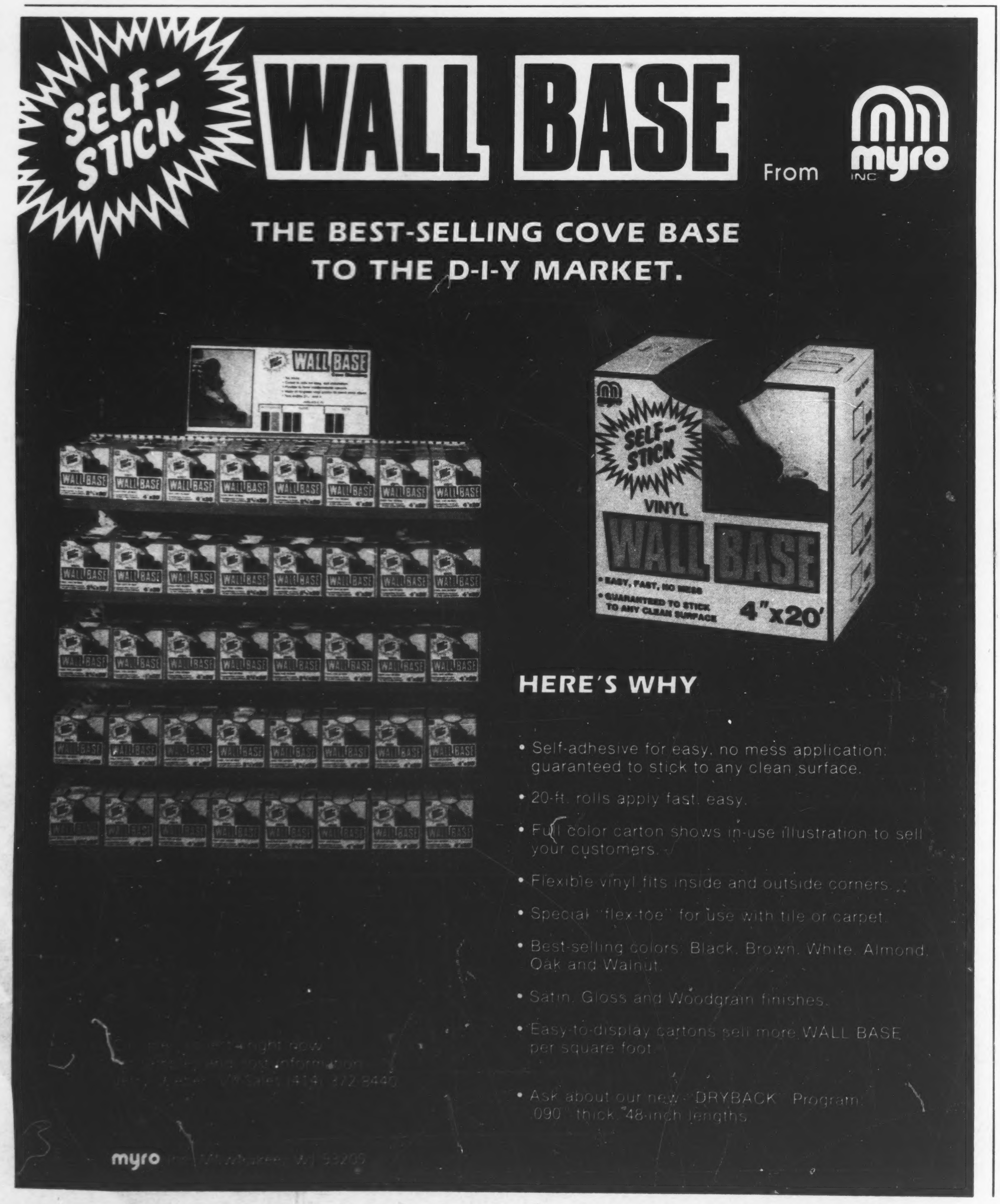
Carlson reported that mortgage rates worldwide are more than 8% higher than the inflation rate this spring. Seventy per cent of the survey's respondents "indicated rates in their country were more than 4% above inflation."

"Long-term, fixed rate level-payment mortgages are the typical instrument used to finance home purchases throughout the world," the NAR economist noted.

The average down payment for an owner-occupied home worldwide was slightly under 20% of the purchase price, and the term to maturity averaged 21 years, the survey revealed.

It also found that the average interest rate on a loan for owner-occupied homes is 12.7% this year compared to 12.5% last year, Carlson said.

"Homebuyers throughout the world are typically devoting 27% of their income to housing in 1985," he commented. "This is down from 28% in 1984."



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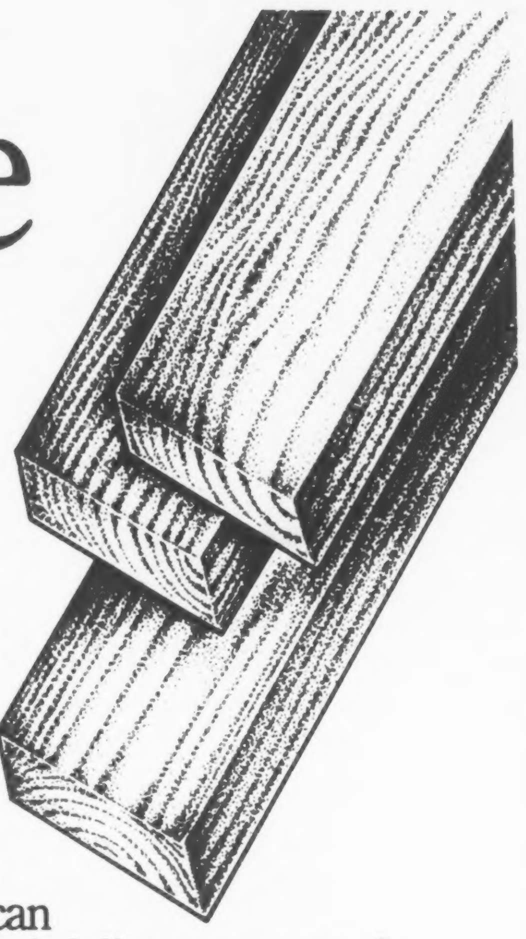

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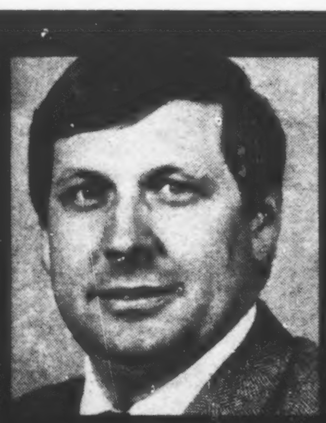

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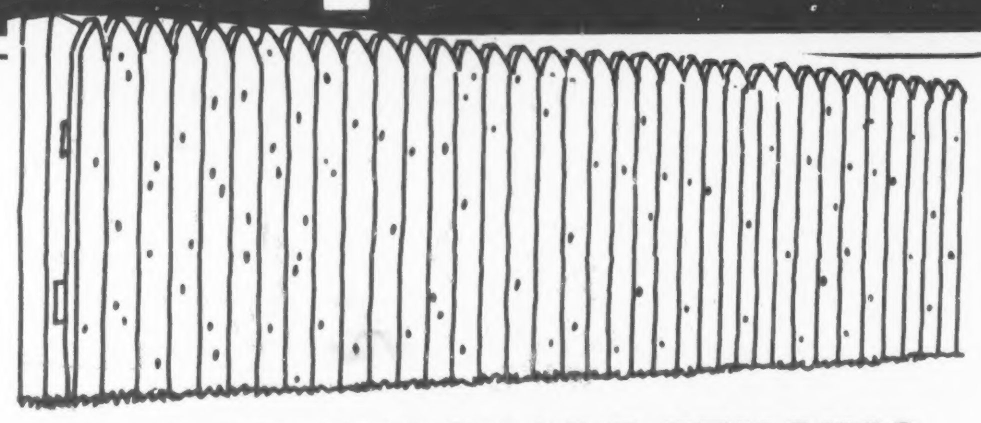

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LUMBER REPORT

Lumber prices begin to rebound but optimism may be short-lived

By Hawk Furman
Special to NHCN

'Unless producers of lumber and panelboard products show restraint, prices will remain steady to lower. Government intervention is the major issue to watch that could send wood prices higher.'

—Hawk Furman

Lumber and panelboard manufacturers had tremendously successful months in April, May and most of June. Prices jumped substantially due to poor mill returns and chip problems. Couple falling production with seasonal demand for lumber and panelboard hitting its peak, with retailers and wholesalers caught short on inventory, and you have a sellers' market.

The mills took control of pricing for the first time in quite a while. Prices on random length western s-p-f 2x4's rose from $142 per thousand board feet to $173 per thousand board feet f.o.b. the mill. Random length southern yellow pine 2x6 (eastside) escalated from $194 per thousand board feet to $305 per thousand board feet. This is an increase of 57%. Unfortunately, the short term prosperity may be blinding many producers to reality.

Production increases

Increased prices bring out the greed in lumber manufacturers. Production levels are rising again. The yellow pine mills, despite a lessening demand for chips, are gearing up production and stacking their chips. Many independent mills in the United States Pacific Northwest are coming back on line under new or existing management. The Canadian spruce production continues to go full throttle. This increase in production generally means one thing for summer and that is steady or lower prices in lumber and panelboard despite excellent demand for products. The law of supply and demand cannot be ignored.

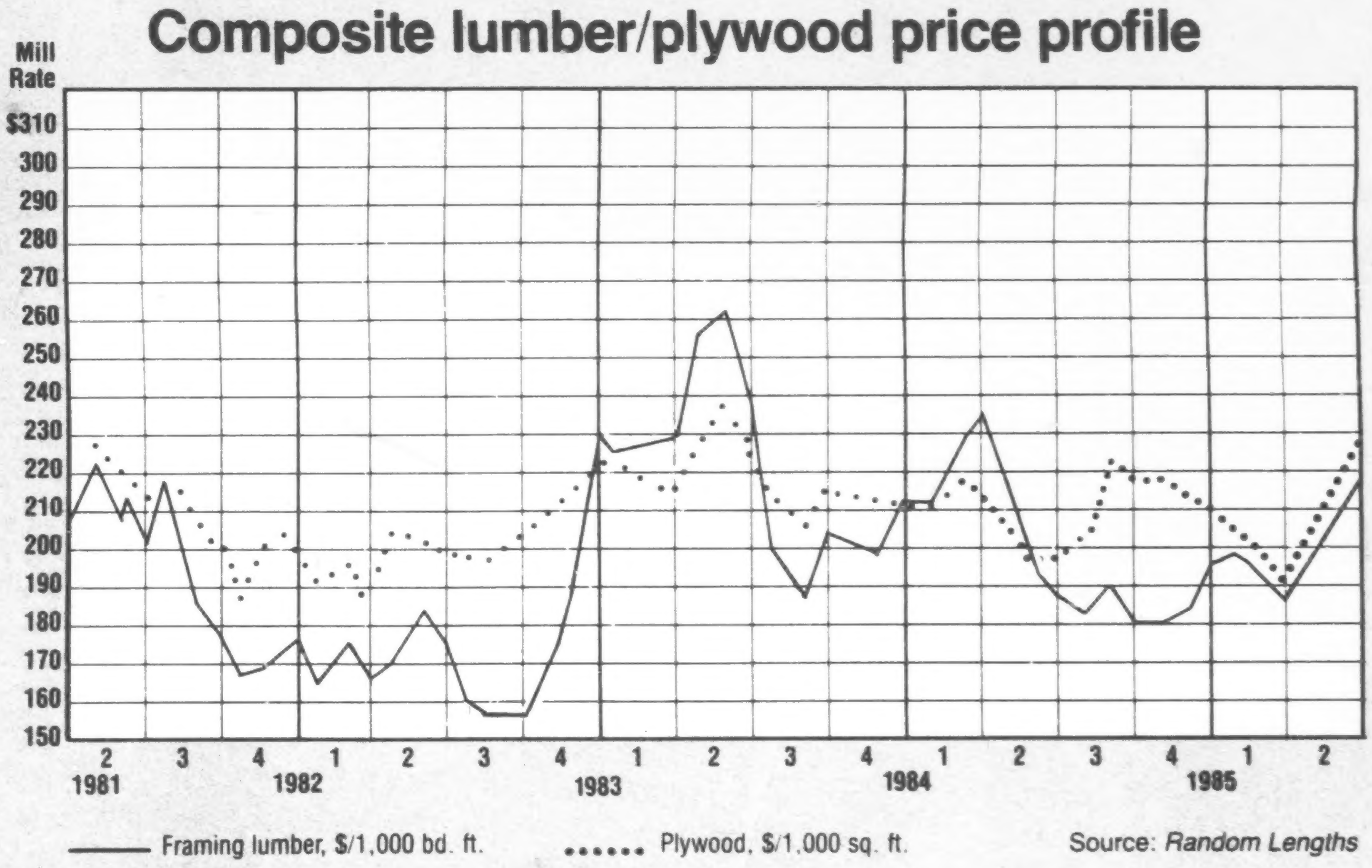
Demand excellent

The good news on the demand side continues for lumber and panelboard because of the affordability of new housing. Fixed rate mortgages are under 12% while some variable rate mortgages are under 10%. These are the lowest rates in seven years. The affordability index which measures a family's availability to qualify for a home mortgage remains high. Investors are taking advantage of the window before tax changes to get into rental real estate. Activity in home building should remain strong through the end of 1985.

Long term outlook

The long term outlook for strong lumber prices with current production levels is not good. Export levels continue to

(Continued on page 74)



Source: *Random Lengths*

Bounding upward from its disappointing low price levels earlier this year, lumber prices have risen slowly since May, accompanying the spring buying surge. The framing lumber composite rose from $223 per thousand board feet in May to $228 in June. Plywood climbed to $216 per thousand board feet from $213.

The framing and plywood composite numbers are based on Random Length's *weighted averages of nine key lumber and seven key plywood items.*

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INTERNATIONAL REPORT:
AUSTRALIA

Firm looks to leap warehouse format obstacle

In the United States, they are all the rage. But warehouse home centers have not found their way into the Australian market, although that statement may not be true a year from now.

That is when a 200,000-sq.-ft. shopping complex is scheduled to open in a suburb of Sydney. In this mall, an as yet unidentified Australian company plans to open a 60,000-sq.-ft. warehouse home center, fashioned after either Builders Square or Home Depot.

Executives of this company "were very impressed with the Builders Square operation, and will probably look to copy it," said Ray Jones, the managing director for Dominion Industries, a real estate development firm handling the new complex.

Jones, who has visited home centers in the United States extensively, said there was "no reason" why such a store could not succeed in Australia. However, other industry officials questioned the feasibility of the warehouse concept—which requires high sales volume—in a country whose population they claim won't support a store of that ilk.

There are close to 16 million people in Australia, living almost exclusively along its southest and southwest shores. But only in Sydney does the population density approach three million. Melbourne has between two million and 2.5 million, and Brisbane has one million. Adelaide and Perth each have between 500,000 to one million residents.

In the United States, warehouse stores are drawing customers not only from a city's base population, but also from its sprawling suburbs, as in such markets as Atlanta, Dallas, Phoenix and Chicago. That kind of suburban sprawl does not exist in Australia.

This is the primary reason why home center operators down under have been reluctant to put up a warehouse store. The one store of note—an 80,000-sq.-ft. unit run by the Bunning's chain in Balcatta, a suburb of Perth—only partially employs the retail warehouse format. "It does a lot of palletized displays, and the store is really magnificent with a huge garden department, but at least a quarter of it is for storage," observed George Richards, general manager for The Cooper Group, the United States tool maker, who is based here.

Other dealers were less sanguine about the prospects for warehouse stores' success in Australia. "Our population just isn't there to support these units," said Jack Miller, general manager-operations for BBC Hardware, an 80-unit home improvement chain, the largest operator in Queensland and New South Wales.

To prove his point, he alluded to the reported difficulties Pick 'n Pay, the South African-based hypermarket retailer, was having to make a go of it in Australia. "The chain is struggling like mad, and it's because our population simply isn't big enough for these high-volume operations."

However, it can reasonably be assumed that a complex of this sort would be a competitive threat to a company like BBC, even if it does nothing more than take a huge chunk of sales out of the market initially.

The lack of an enormous consumer base does not appear to be stopping Dominion and its clients from moving forward with their plans to develop this unusual retail mall, which Jones said will be called "Home Base."

Encircling the warehouse store inside the complex will be myriad specialty shops for such products as kitchens, bath products, tools and other home improvement fare.

In addition, the complex will include an adjacent 50,000-sq.-ft. "permanent exhibition center" for manufacturers to display their full line of hard lines and building products, and for introducing new merchandise.

"Stores are generally only stocking the best-selling sku's of any supplier's line, but in this kind of presentation, the manufacturer can show off everything he makes in a setting where the consumer will be able to go next door and buy," said Jones. He thought that as many as 1,000 exhibitors could participate in this exhibition center.

This shopping complex, which will be on 13 acres and have parking for 550 cars, is also going to be opened seven days a week, which Jones said is unusual for Australia. The area will also include a McDonald's restaurant as an additional customer traffic draw.

Jones explained that, despite the arguments against this kind of complex, including the warehouse, something of this sort is needed in Sydney because "there are virtually no freeways to get around.

Jones said that Dominion currently has three "Home Base" units on the drawing board, scheduled to open in 1985 and 1986. "It is our intention to open as many as we possibly can nationwide," he said, which could spell some heated competition in several markets here.

Leading Australian home improvement companies

Company	Description	Sales (in mil $)** 1984	1983
Mitre-10, Sydney	Australia's 6th largest retailer; 550-member, dealer owned co-op; been in business 25 years; stores range in size from 4,000 to 20,000 sq. ft.	768	NA
BBC Hardware, Sydney	80-unit chain, owned by conglomerate Burns Philp. In 1983, purchased 21-unit Nock & Kirby outlets; stores range from 5,000 to 20,000 sq. ft. with 10,000 sq. ft. yards and 20,000 to 40,000 sku's. 50% of sales from builders.	300	240
McEwan's, Melbourne	42-unit chain, owned by conglomerate Repco; operates three-sized stores: 8,000-11,000 sq. ft. in strip malls, 14,000-18,000 sq. ft. hardware units, and 25,000-40,000 sq. ft. "home centers," with garden centers. McEwan's has been described by some as Australia's equivalent to Sears.	172	156
John Danks, Melbourne	Danks is a wholesaler, dating back to 1857, which operates two distribution centers stocking 25,000 sku's. It sells to 450 retail stores operating under the names Homestead, Homesaver, Thrifty Link and Pro Hardware, the last being indirectly connected to the Pro Hardware buying group in Stamford, Conn.	80*	56*
Bunning's, Perth	An independent chain of 29 stores, which get 40% of their sales from contractors. Stores range from small to an 80,000-sq.-ft. unit.	80	70
Lloyd's Adelaide	With purchase of 7 McEwan's units in Queensland, now has 14 stores; owned by ACI, a glass manufacturer; is said to be perhaps the most innovative of home improvement chains in the country.	30	NA

*Represent wholesale dollars
**All figures in Australian dollars

Source: Company officials: NHCN chart

There are about 4,100 hardware and home improvement stores in Australia, all vying for a piece of the $8 billion retail market. The six largest operations generate nearly 20% of total industry revenue.

Australian companies carving an $8 billion DIY market

(Continued from page 1)

stores over to the home center format."

(One point of irony is that BBC is owned by Burns Philp, which tried unsuccessfully to operate four Bonanza Home Centers in San Jose, Calif., before selling them in January 1983 to Pay 'N Pak.)

Now, most of Australia's "big name" retailing concerns—Mitre-10, Lloyd's (which some here say pioneered the home center concept in this country), McEwan's and Bunning's in the west—are all trying to capture a bigger piece of what is estimated to be an $8 billion DIY retail pie.

"We were impressed by how dramatically the industry has changed over there," said Max Hagerman, president of the nine-unit Essen Hardware in St. Louis, who led a contingent of 14 American retailers on an Australian visit last year. "Everyone is getting on the [DIY] bandwagon."

However, while the evolution of the Aussie market has mirrored the home improvement arena in the United States, England and Canada in many respects, its growth is expected to be limited by a number of factors, not the least of which being its population density.

Australia—the world's largest island and smallest continent—is about the same size as the United States. But its population of around 16 million is only 6% that of America's, with 86% of its people living in the five major coastal cities: Sydney, Melbourne, Brisbane and Adelaide in the southeast, Perth in the southwest.

Because its population is clustered this way, and because its largest city, Sydney, has but three million people, most officials here think it could be some time before a warehouse-style retail operation breaks onto the scene, even though some companies are already experimenting with such a format (see story).

In addition, this demographic alignment has made land precious, particularly in the southeastern states of New South Wales and Victoria.

"Unlike the United States, you just can't find three acres of land to put a store on," explained Miller of BBC. "The types of stores we're running need to go into commercially zoned areas, and that can cost you a hell of a lot." Miller said rents for such stores could go as high as $280,000 per year, "and that really pushes you out of the game because our stores won't generate the revenue to justify that expense."

Another factor indirectly affecting the growth of the home improvement market here is the restrictiveness of the country's building codes. Home building and remodeling standards are considerably higher in Australia than in the United States, and these activities are closely regulated. Consequently, those products targeted for remodeling and renovation have a somewhat narrower consumer base than in other nations.

Hagerman of Essen Hardware pointed out that the stores he visited, in his estimation, carried far less plumbing and electricals than one might find in a United States home center. "The DIY market for products like these is limited because building codes are so tight," he said.

Perhaps a more serious roadblock to more expansive growth of the Australian DIY industry is something that has not even become a reality yet. Government officials in the nation's capital of Canberra are discussing the imposition of a 12.5% retail sales tax, to go into effect this September. Most retailers saw only negative implications for their companies if this tax were enacted.

"One of the reasons we're slightly more pessimistic about next year is because of the uncertainty concerning the sales tax," said Peter Johnston, secretary for the 29-unit Bunning's, based in Perth. "Our retail and contractor business has been buoyant over the past 12 months, but things may not be so rosy next year if this thing goes through," he said.

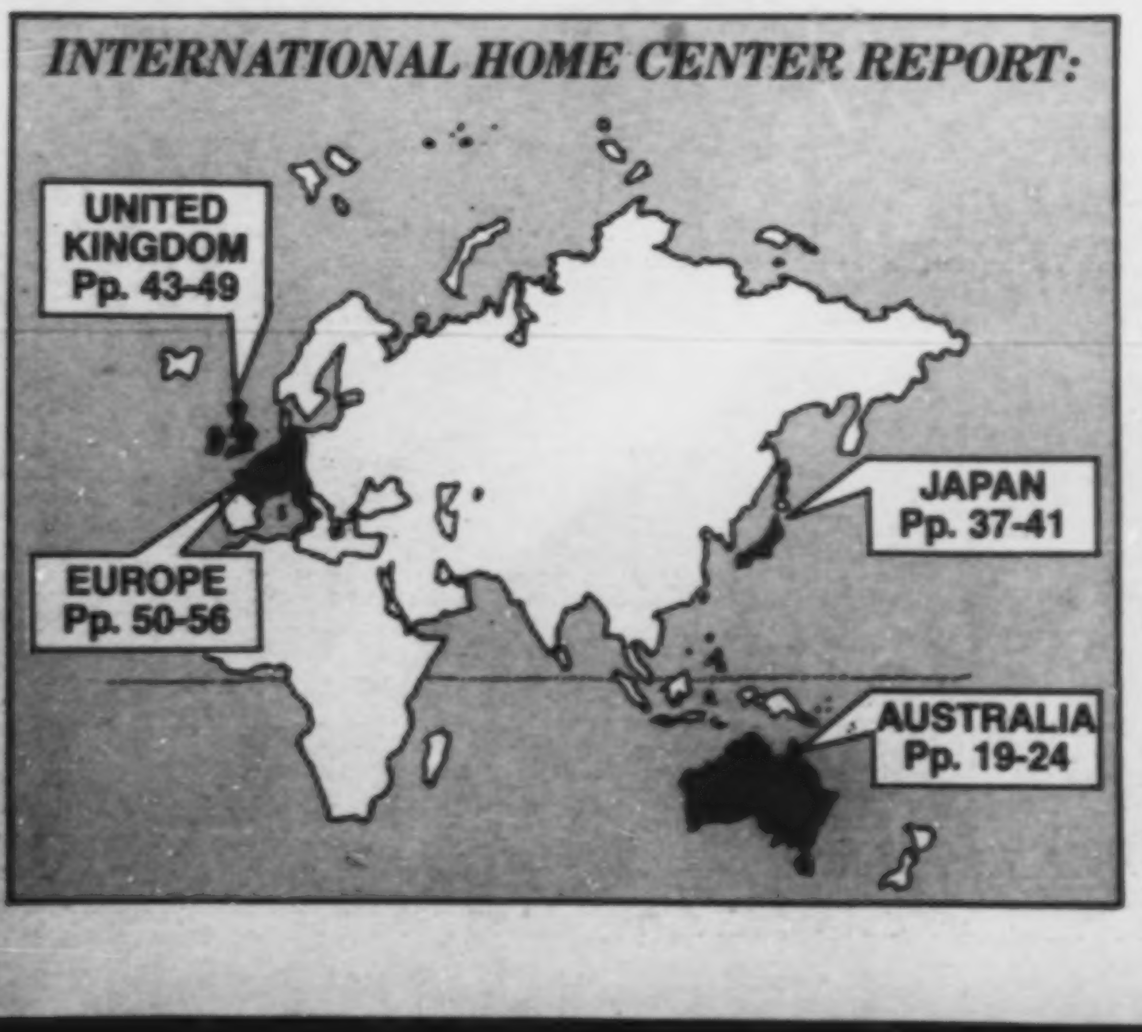
Macroeconomics aside, however, retailers here have other problems closer to home to solve before the DIY market really sings in Australia.

One is what to do with smaller stores. The average home center in Australia, according to industry officials, ranges from 20,000 to 25,000 sq. ft. However, many companies are still saddled with extremely small units that don't give them much merchandising leeway. Mitre-10, the 550-member, dealer-owned buying group that is Australia's sixth largest retailer and spans nationwide, has some dealers with 4,000-sq.-ft. stores. Only 11 of McEwan's 42 outlets in Victoria are bigger than 18,000 sq. ft.

Consequently, it is difficult for these stores to present a representative sampling of "timber," as lumber is referred to here, and building products suitable to the home center format developed in other parts of the globe.

Secondly, most dealers in Australia betray a remarkable lack of knowledge about their competitors' businesses, which was fine when the market was neatly divided, with one chain dominating each state.

(Continued on page 21)



INTERNATIONAL REPORT:

AUSTRALIA

Lack of info hurts; Sunbelt climate helps

(Continued from page 19)

But now some of these companies are looking to break out of their traditional balliwickes. In recent months, Lloyd's expanded into Queensland for the first time by acquiring seven contractor-oriented McEwan's outlets in that market. Officials from both BBC and Mitre-10 said they were hunting for acquisitions of companies in previously unexplored markets.

Limited market information

The one snag in that game plan is that these companies don't appear to know that much about the world outside their own territories. "Until recently, most Australian dealers were flying by the seats of their pants, and successfully," said Robert Jameson, the director of the National Hardware Assn. of Australia. "Now everyone wants to grow, is running lean and mean and wants to do market analyses, but the data are hard to come by because no one was much interested in collecting it in the past."

This lack of available market information is one of the things driving Australian dealers to America to discover what's new. But it appears that dealers who are unequipped with the tools to evaluate the market also could be overlooking important indicators of consumer trends.

"Most of the hardware operations still have not addressed the timber side of the business at all," said Ray Jones, a real estate developer for Dominion Industries in Sydney, who has visited United States home centers extensively. "Retailers here have not kept pace with the market's development, and consumers here are simply not being served as well as they might."

Jones' company is developing a 200,000-sq.-ft. mall, to be opened next year, in which a 60,000-sq.-ft. warehouse home center will operate (*see story*).

Despite some of the problems Australian dealers face as they look to expand their market share, this country's DIY industry has a lot of things going for it that puts these dealers ahead of the game from the start.

For one thing, the industry is, on the whole, stable. "I've been in this business almost 50 years, and I've only really seen one company fall by the wayside," said BBC's Miller. He was referring to Paul's, a four-unit Sydney-based dealer, described by Hagerman of Essen Hardware as having "very excellent stores," which was crippled recently when it lost the leases for two stores, and reportedly has been liquidating its inventory.

Danks told *NHCN* that the era of wholesalers and retailers dabbling in other businesses—his own company once was a manufacturer and industrial supplier—are "just about over, and the industry's better for it."

Some fallout is still occurring sporadically in the industry. The 200-unit Hammer Hardware, for example, was recently sold by Southern Wholesalers to a traditional specialty retailing concern called Jankies, and there's some question about its future. The vitality of other buying groups such as United Hardware, selling 365 small dealers, and Bannar Hardware, both in South Australia, is also a mystery.

But, on balance, the industry appears to be sound, and will remain in the hands of the most powerful corporations and buying groups.

"Sunbelt" climate is a plus

Australia's climate is another plus for dealers here. "We are like your Sunbelt, which allows for year-round home improvement sales," said George Richards, the general manager for The Cooper Group's Austral-Asian office here.

The weather also makes home building, upon which most retailers here depend for at least some of their sales, less cyclical than in colder locales.

Thirdly, Australia, with only modest manufacturing of its own, is a magnet for imports, the sale of which has allowed retailers here to maintain slightly higher gross margins than in the United States.

Australia conducts 50% of its trade with two countries—the United States and Japan—but also has easy and cheap access to every conceivable product made in Taiwan, Korea, the Philippines and China. Consequently, Australian home centers, according to Richards, tend to have "considerable range and variety of product categories, more than you'd find almost anywhere."

He went on to say, though, that the Australian consumer appears more interested in a store's customer service, product quality and POS literature than price, areas where Richards thought home centers here could be doing a better job. In addition, pricing strategies are further complicated because the disparity between white-collar salaries and blue-collar wages is not nearly as wide as it is in the United States.

Dealers here insist they are addressing these consumer needs, and prefer to point to the market's positive factors, mentioned above, as signs of continued growth for their companies.

The buying groups and chains appear poised to expand aggressively: Mitre-10 added 20 new members in 1984 and hopes for the same penetration this year; Lloyd's, having acquired the McEwan's units, also has two new stores going up in Surrey Downs and Elizabeth, So. Australia; McEwan's has three or four "moderately sized" units scheduled to open this year, said company secretary John Plant, and BBC could add six new stores, "probably all through acquisition," said Miller. Bunnings is said to be growing into the previously ignored Northern Territory.

In addition, the industry's "second tier" of companies, mostly independent hardware and lumber stores, appears to be holding its own and then some. The seven-unit A. Hudson in New South Wales is seen as one of the country's most aggressive advertisers; Bowen & Pomeroy, with five stores, is strong in Victoria; James Campbell & Co., owned by Carrick's, a huge timber processor, has shown vital signs again, and Brett's, a four-unit lumber dealer in Queensland, is a recognized factor.

As the editor on one of the industry's leading trade journals put it: "Australia's home improvement market is just beginning to take off on a large scale."

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INTERNATIONAL REPORT:

AUSTRALIA

Government policies impact housing,DIY sales

Australian home improvement retailers appear to have benefited from this country's two-year economic recovery, which has spurred a revival in home building and, more recently, the growth of the DIY repair and remodeling market.

However, several political and economic realities—including the Labor Government's imposition of austerity measures to reduce the country's deficit, a dollar currently worth 66¢ American and a prime interest rate still hovering around 16%—could impact, either directly or indirectly, the profitability and strength of the country's $8 billion home improvement market over the next few years.

Australia, which is almost ~~6,000~~ miles from Los Angeles, is a country many Americans know little about, even though it is an important trade partner and military ally to the United States.

The country, at 2,966,200 square miles, is about the same size as the United States, and is divided into seven "states": New South Wales (the most densely populated, whose capital is Sydney); Victoria (where Melbourne is situated); the tiny Australian Capital Territory, or ATC, where the nation's capital, Canberra, is based; Western Australia, the largest state in territory; Queensland, which is known as a vacation area; the sparsely populated Northern Territory, and South Australia, whose main city is Adelaide.

The main industries in the country are mining, farming and some manufacturing, although several companies are making a push to establish Australia as a center for high-tech products.

The country's population stands at around 16 million, and Australia is gaining close to 250,000 per year. Its largest city is Sydney, with close to three million people.

While much of the country's land mass is barely inhabited, particularly the large stretch of desert cutting across Australia's center referred to as its "Outback," the urban centers are dense, and the demand for housing has been strong.

In 1984, single-family unit construction was 99,700, compared with 71,700, a 39.1% increase. For the first quarter, ended in March 30, housing starts of single-family homes were only slightly off to 23,900 units.

"There's such a pent-up demand that people seem willing to buy a home no matter what the cost," said Garry Roberts of the Australian Bureau of Statistics in Canberra.

The cost of an existing home in Australia, as in the United States, varies widely, ranging from as little as $45,000 to $1.5 million. But the median is currently around $85,000 (Australian), according to Michael Stanton, an international banking officer for Wespac, Australia's largest bank with $41 billion in assets.

Stanton, who is based in New York, explained how first-home buyers have been cushioned from high interest rates through what amounts to a Government subsidy which buys down mortgage rates several points below prime. (Currently, they are at 11.5% to 12.5%.)

"The prime may be high, but real estate developers are being hurt more than homebuyers," he said. "This is an important subsidy because interest on mortgage payments is not tax deductible in Australia." Stanton and Roberts also indicated that the Labor Government has recently been making it tougher for new home buyers to qualify for this benefit.

One other factor affecting home prices is the cost of land, particularly in desirable markets like Sydney. In the April 1985 issue of *Urban Land* magazine, it was reported that land alone can constitute 40% or more of the price of a home in some areas, which adds to the price tag considerably.

Homebuilding is just one of several industry segments which have revived since Australians installed a Labor Government, led by Prime Minister Robert Hawke, in late 1983. "The change in leadership appears to have made quite a difference," noted John Keany, the minister of economics for the Australian Embassy in Washington.

In a speech delivered to New York's Asia Society on April 22, Australia's treasurer, Paul Keating, cataloged the fiscal achievements of his Government, which included reducing inflation down to 5% from 11.5% when Hawke took office; reducing unemployment to a still-high 8.8% from 10.4%; seeing the nonfarm economy grow 5.1% last year, compared to 0.9% in 1982.

And, perhaps most importantly, the Hawke Government has reduced the country's deficit as a percentage of its Gross Domestic Product to 3.3%, from 4.3% in 1983.

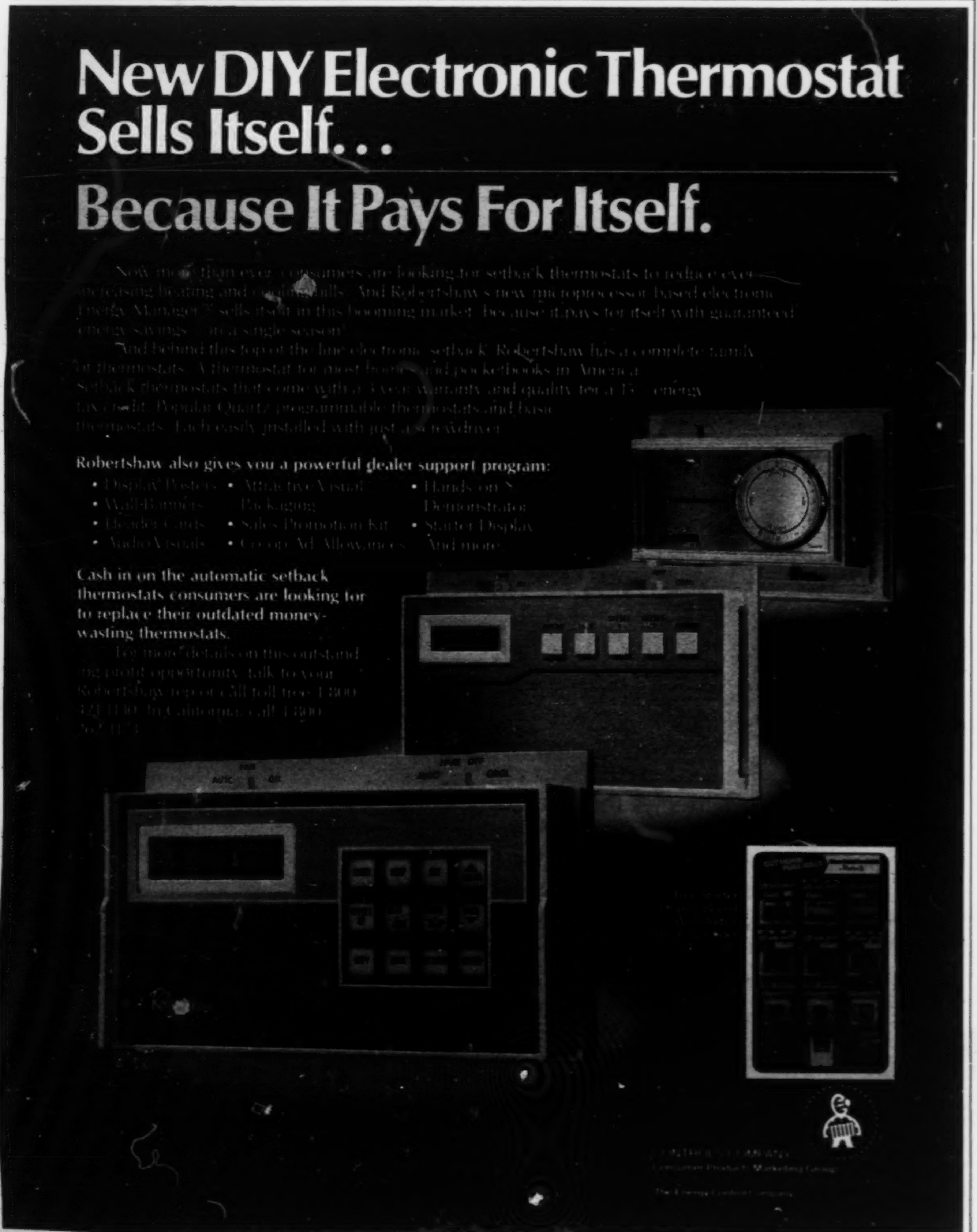
However, Keating spoke at length about the measures his Government has already taken—for example, floating the Australian dollar, which had the effect of devaluing it to 66¢ American from 80¢ at the beginning of this year—and those that still need to be taken for Australia to reduce its deficit.

Already, the Government has taken steps, a la the Reagan and Carter Administrations, to deregulate several industries, including banking.

But Keating's message to his audience was clear: The Australian Government is attempting to do whatever it takes—be it tax reform, renegotiating of labor agreements or cutting social programs—to rein in spending.

Whether private industry fills the void left by the Government in certain market segments will be known only after several months.

However, it appears Australia is in for a period of economic belt-tightening, which may be the long-term solution to its problems, but could, in the short run, cut into the discretionary consumer income home center dealers here are counting on.



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INTERNATIONAL REPORT:

JAPAN

Japan's island culture spawns 'fix-it-up' ways

By Phillip M. Perry
NHCN senior editor

When Japanese consumers visit the 8th annual "Do it Yourself Show" scheduled for this city's convention center in September, they will be offered seminars on how to replace faucets, repaper walls and repair automobiles.

The topics of the seminars reflect the nature of a condition which offers both an opportunity and a challenge to Japan's home center industry. While there seems to be a continuing level of interest among the Japanese for small ticket "fix it up" work, there is practically no demand for the big ticket remodeling projects that have recently played an important role in boosting sales volumes at home centers in the United States. Without the clout that sales of such projects play in the retail sales picture, the growth curve of the Japanese home center has begun to diminish.

"We estimate that the industry is growing at a rate of about 10% yearly, compared with about 20% some years ago," said Michiaki Yamamoto, director of the Japan DIY Industry Association, Tokyo. "While the industry is slowing down, it is still doing better than the average 5% growth rate of Japanese industries in general."

A number of forces, said Yamamoto, seem to be conspiring to keep the industry from moving into project selling. The majority of homes in Japan are situated close together, so that adding rooms is often impossible. Many traditional homes are constructed of heavy beams and fragile ceramics—materials difficult for the amateur to handle. As a result, a plethora of professional carpenters—who buy their materials directly from vendors rather than from retail sources—are hired to do what few major remodeling projects are undertaken.

Finally, the high cost of land in Japan has inhibited the construction of homes on tracts of land that are large enough to allow major additions.

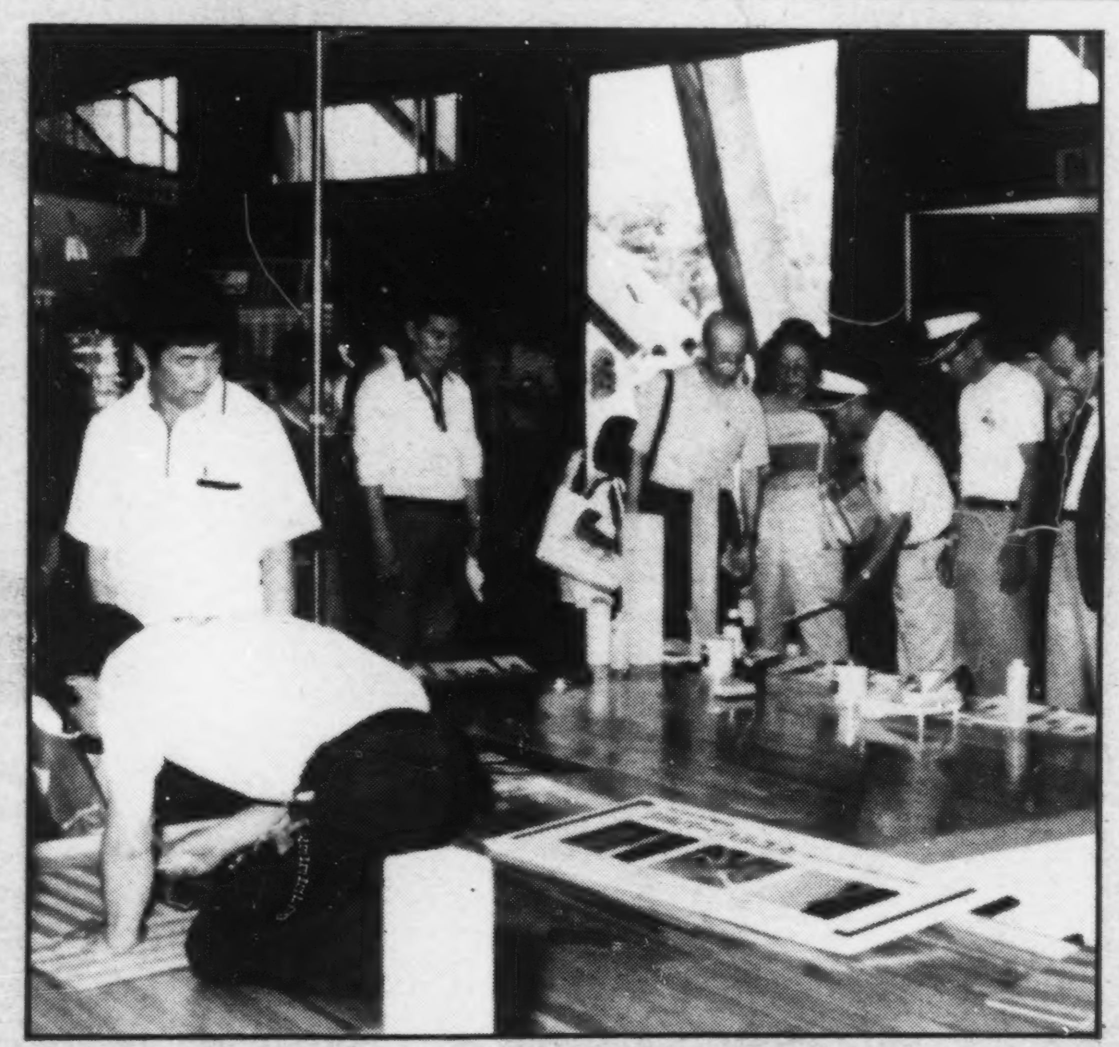
"The big difference [in Japanese home centers compared with those in the United States] is that ours do not have such large quantities of building materials, especially lumber," said Yamamoto. "I understand that for home centers in the United States, about 40% of sales volumes may consist of lumber. In Japan, lumber accounts for about 5% of sales. The reason is that Japanese people do not do the big projects." For the same reason, hardware accounts for only 3.9% of sales, said Yamamoto, and kitchen cabinets and bathroom vanities are absent.

While no one single category of merchandise dominates at the Japanese home center, the categories of automotives and housewares each comprise 15% of sales volume, on the average.

"There are 35 million households in Japan, and the number of automobiles is about the same as the households," said Yamamoto, in explaining the popularity of automotive acces-

(Continued on page 41)

JAPAN DIY INDUSTRY ASSOCIATION



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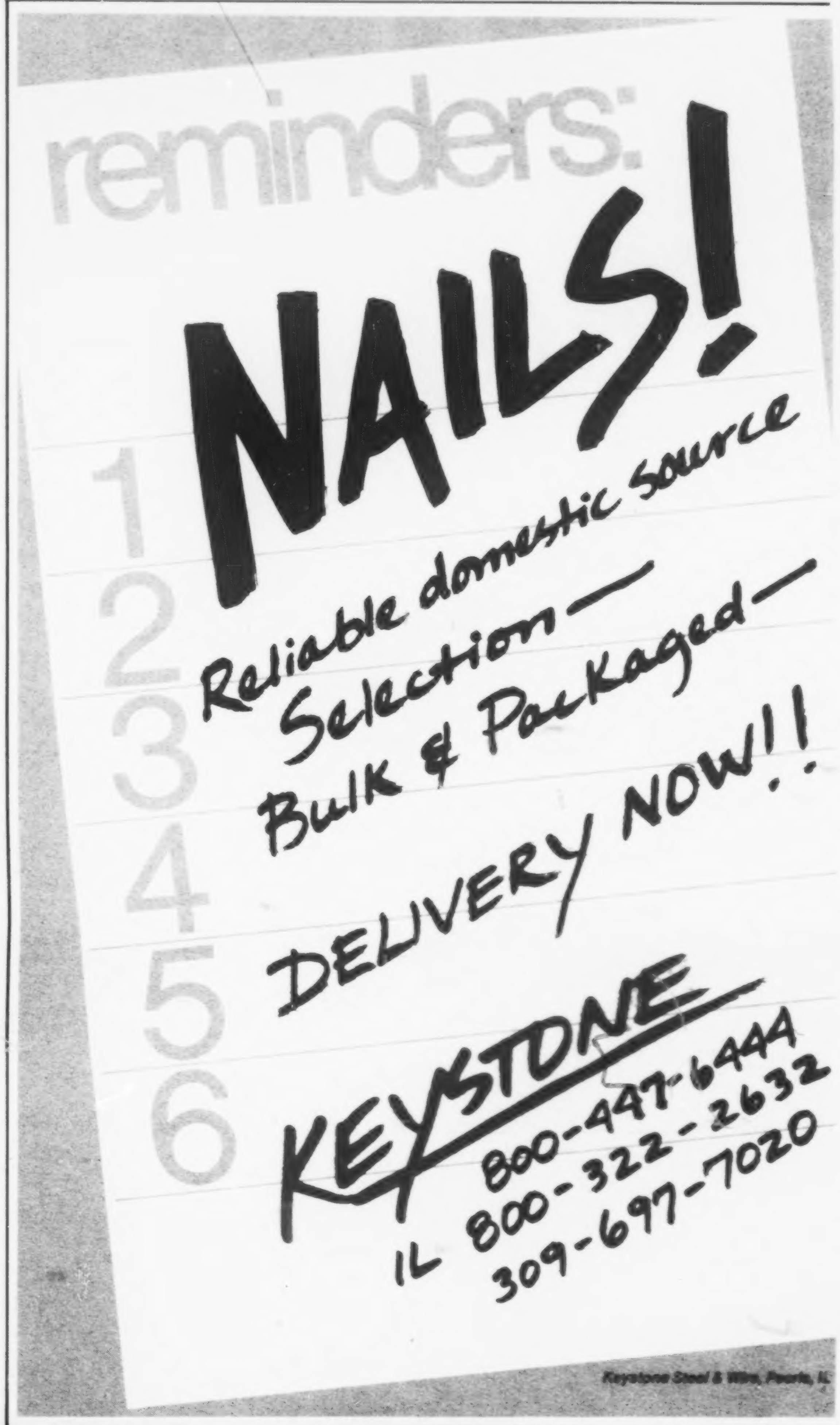
"Day of DIY"

DO IT YOURSELF '85

"Do-It-Yourself Show"

Japanese consumers learned how to replace floor tile at last year's "Do-it-yourself" show in Tokyo. The show is scheduled again for Sept. 20 to 22. Courtesy of Japan DIY Industry Assoc., Tokyo.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AT A GLANCE:

Japan's DIY ind. projected at $4B in '85

There are some 1,400 home centers in Japan, doing an estimated annual volume of $4 billion (U.S.) in 1985, according to the Japan DIY Industry Association, Tokyo. These figures are about double the size of the industry five years ago, when 670 home center stores did $1.9 billion. The association expects the industry to double again over the next 10 years.

The largest home center chain in Japan is Viva Home Centers, which sold some $196 million worth of merchandise out of 28 stores last year. This represents 4.9% of total home center sales.

The second largest chain is Kahma Home Centers, a $130 million U.S. firm with 22 stores.

There are 15 Japanese home center chains that do over $40 million each.

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INTERNATIONAL REPORT:

JAPAN

Japanese DIYers focus on smaller projects

(Continued from page 37)

sories. Waxes, accessories and even some auto parts are carried in the stores.

The strong presence of housewares recalls the roots of the stores in the general merchandise field. So does the nearly total dependance of the stores on consumer traffic.

If the industry recognizes there is little point in attempting to promote big ticket projects in Japan, it has nevertheless instituted some promotions to raise the consciousness of the consumers about the variety of small scale fix-up projects they can carry out.

The September DIY show, expected to draw 115,000 people, is one example. Another is the naming of the first Sunday of every month as "the day of DIY." This promotion, begun last October, involves the use of an insignia in store advertising. Finally, for the second time this year, the association will sponsor a series of DIY classes in 12 Japanese cities.

The association itself, founded in 1977, is seen as a means of raising the public consciousness about home improvement projects. When the association was started, retail membership represented 265 stores. Today, members operate 442 stores. Membership also includes 123 wholesalers and 193 manufacturers.

Top Japanese Home Center Chains

Name	Stores	Volume U.S. $ millions
1. Viva Home Centers	28	196
2. Kahma Home Centers	22	130
3. Keiyo Home Centers	35	120
4. Joyful Honda	5	100
5. Tokyo Hands	7	80

While some chains such as Joyful Honda operate large volume units, warehouse retailing techniques have not yet been introduced in Japan. (Store figures as of mid-1985; volume figures for 1984.)

Source: Japan DIY Industry Assoc., Tokyo. *NHCN* chart.

Home center executives, seen here at last year's "Do-It-Yourself Show" in Tokyo, look upon the annual event as a way of boosting consumer interest in home repair projects.

Courtesy of Japan DIY Industry Assoc., Tokyo.

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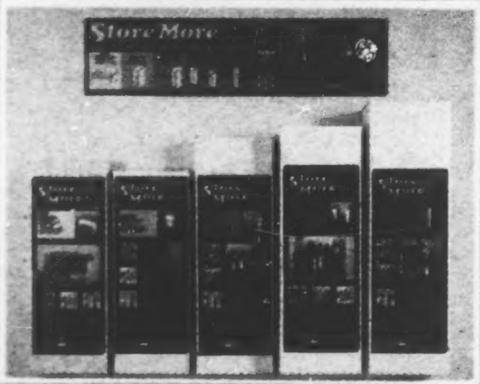
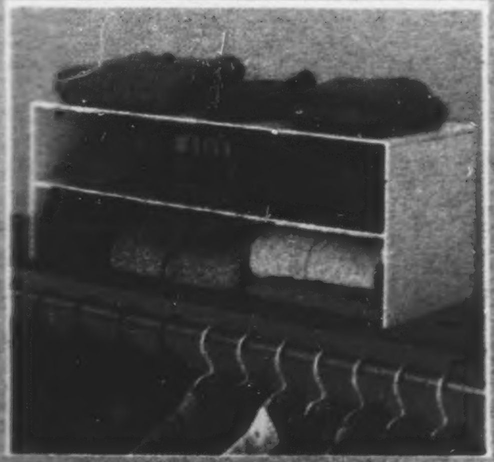
Model 91-531—almond finish
Model 91-501—wood grain finish
Two 12" × 12" × 40" cabinets
Three 30"–48" expandable rods
4 stacking connecting pins
Expands to 9 ft.
Package wt.: 49 lbs.



Every SKU is color-coded to tie in with merchandising.



SHELF MULTIPLIER
Model 91-131—almond finish
Model 91-101—wood grain finish
One 12" × 31" × 12" cabinet
4 stacking connecting pins
Package wt.: 13 lbs.

STACKER
Model 91-231—almond finish
Model 91-201—wood grain finish
One 12" × 12" × 30" cabinet
4 stacking connecting pins
Package wt.: 16 lbs.

SINGLE-ARM ORGANIZER
Model 91-331—almond finish
Model 91-301—wood grain finish
One 12" × 12" × 36" cabinet
One 30"–48" expandable rod
4 stacking connecting pins
Expands to 5 ft.
Package wt.: 23 lbs.

SINGLE-ROD TWIN ORGANIZERS
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INTERNATIONAL REPORT:

UNITED KINGDOM

English retailer branches into DIY auto care

By Elizabeth Brent
NHCN field editor

When B & Q opens its "Autocentre" in Doncaster, northern England, in October, customers will be able to service their own cars by renting tools and working in a DIY service bay.

For 160-unit B & Q, the move into automotive DIY is a natural extension of the home improvement business it has built up as the United Kingdom's largest home center chain, with sales of about $390 million in 1984. The company hopes to significantly tap into the U.K.'s auto aftermarket sales, estimated at $3 billion.

B & Q opened its first "Autocentre" in Poole, in western England, in April. The company plans to have nine more of the $350,000 units opened by April 1986. The units will share a parking lot with existing B & Q home centers.

"We see what we believe is a natural extension of DIY retailing, a virgin business," said Malcolm Parkinson, B & Q's marketing director. "People drive into our DIY stores. We will provide them with bays to do car repairs, tools to hire and a store to buy parts."

So far only the Doncaster unit will experiment with DIY service bays. It is not yet clear how long a DIYer will take for various repairs. Therefore setting rental prices is difficult.

Introducing the "Autocentre," even without the self-service bays, presents special problems for B & Q. The company must convince the consumer that he can do auto repairs himself and must provide adequate help. Yet, to maintain its low prices, the company needs to accomplish these tasks without adding significantly to payroll.

This is not an unfamiliar dilemma for home improvement retailers. It is complicated because U.K. auto suppliers are not yet packaging effectively to the consumer.

The Poole "Autocentre" will be the test case to see if B & Q's solution works. It only employs 60 people, although the 25,000-sq.-ft. unit is open 12-hours a day and seven days a week. This staff keeps 18,000 stock keeping units displayed on the shelves, mans the carwash which takes four cars at a time, and provides professional mechanics to repair cars at the six service bays.

B & Q is educating its customers inside the store as well by providing detailed headerboards above departments to educate customers about such things as how a fuel system works. Color-coded leaflets identify the part needed to repair the car and colored flags guide the customer to the proper aisles.

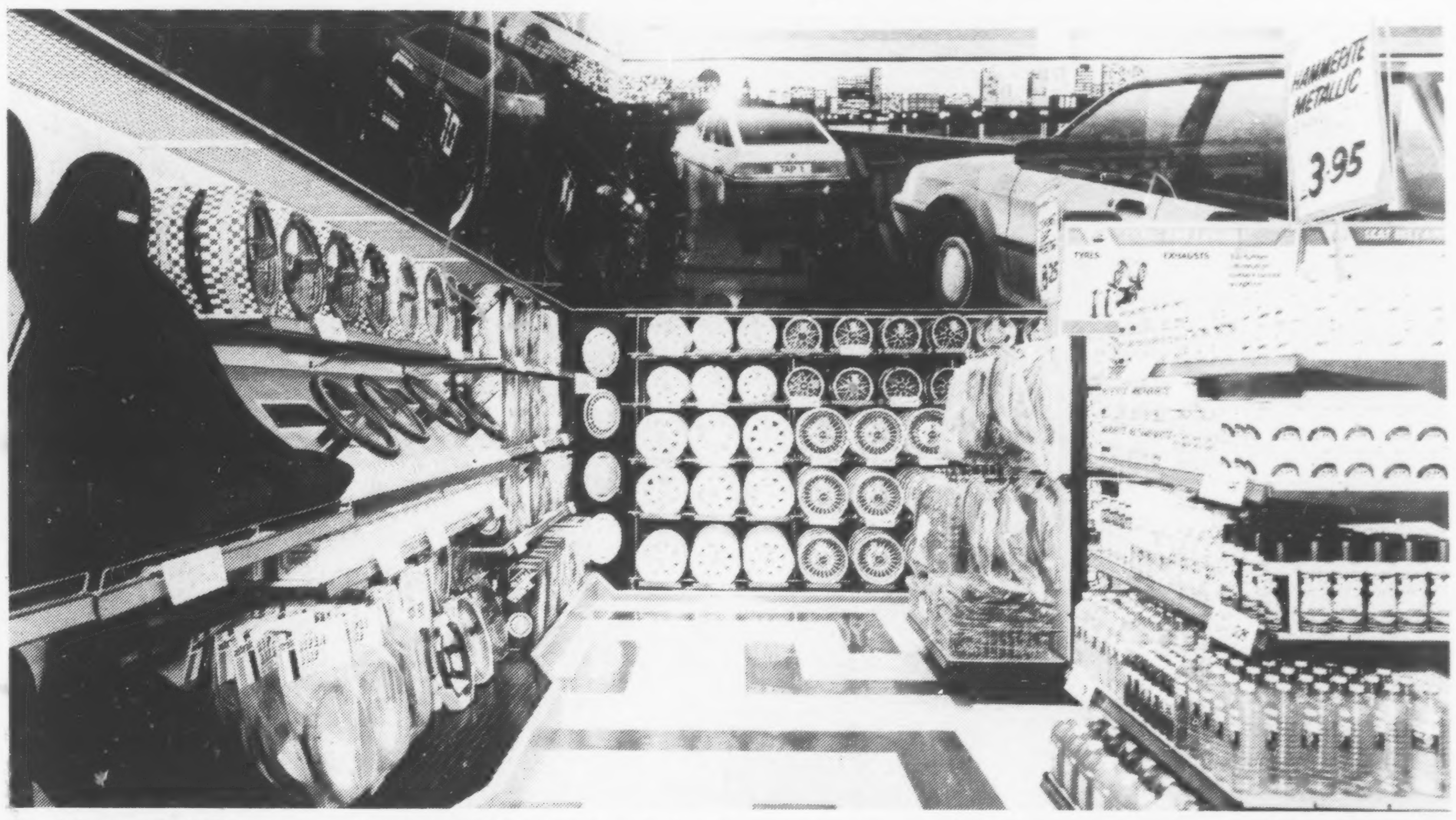
For example, a customer requiring an ignition part for a Ford Escort, picks out the relevant leaflet for his car, model and year, and discovers that ignition parts are colored orange, and walks to the orange flag inside the store, which denotes ignition parts. The customer can easily identify the part, through its see-through packaging which has the car model, and instructions on the back. If the customer needed a brake part, he would have found it in a section color-coded [illegible].

This particular system is known as Select-A-Part and was developed as a direct result of cooperation between the supplier, GKN, and B & Q and is a pioneering venture to adapt car part manufacturers to the DIY concept of self-service.

The "Autocentres' will help B & Q tap a new and growing market and target a wider customer base aged between 17 and 70 years compared with the home improver of 24 to 50. The introduction of the Autocentres may be well timed as car manufacturers are now making automobiles which have longer service intervals and are easier to maintain, according to Geoffrey Pelling, economist with the Society of Automobile Dealers and Traders in London.

B & Q is interested in supplying services and parts to

(Continued on page 44)



Inside the B&Q Autocentre in Poole, England, the home center chain's first venture into DIY auto care, a 24-ft. photographic mural extends at a 45° angle over racks of car seats, steering wheels and hub caps.

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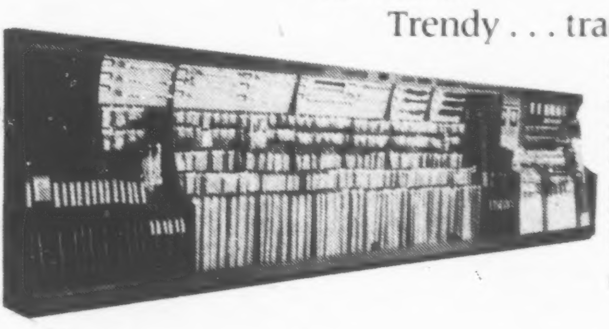

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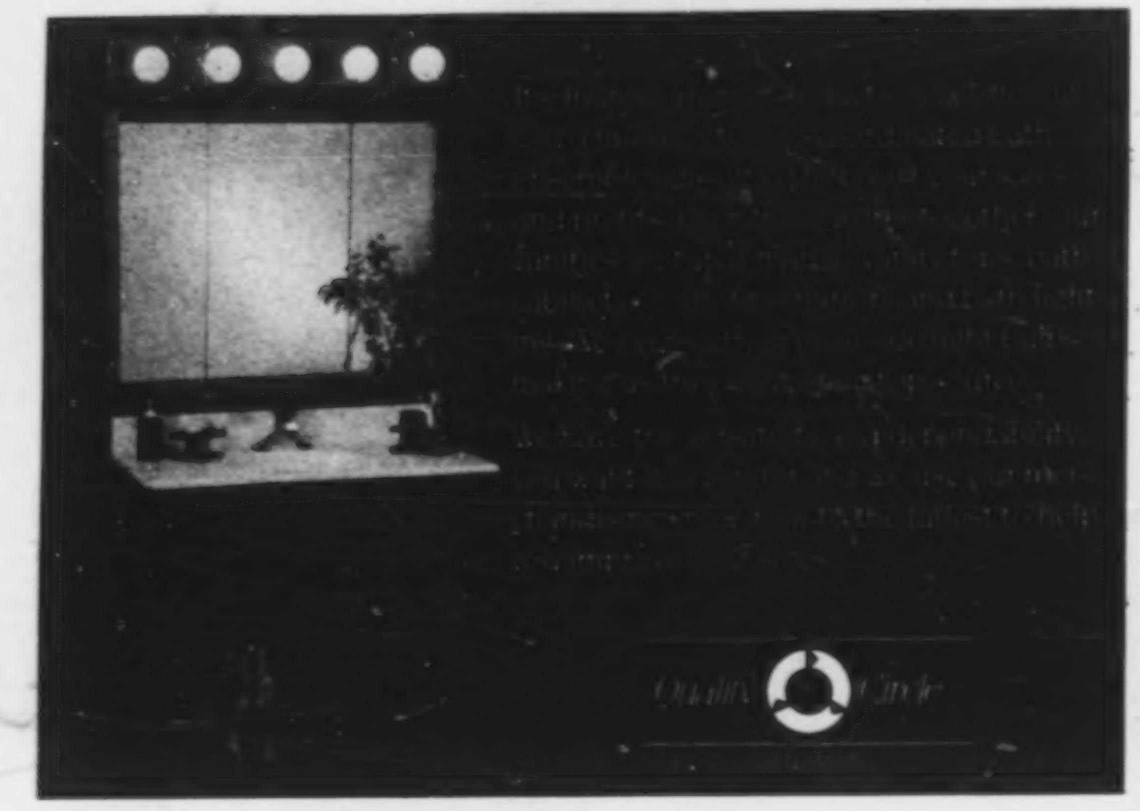

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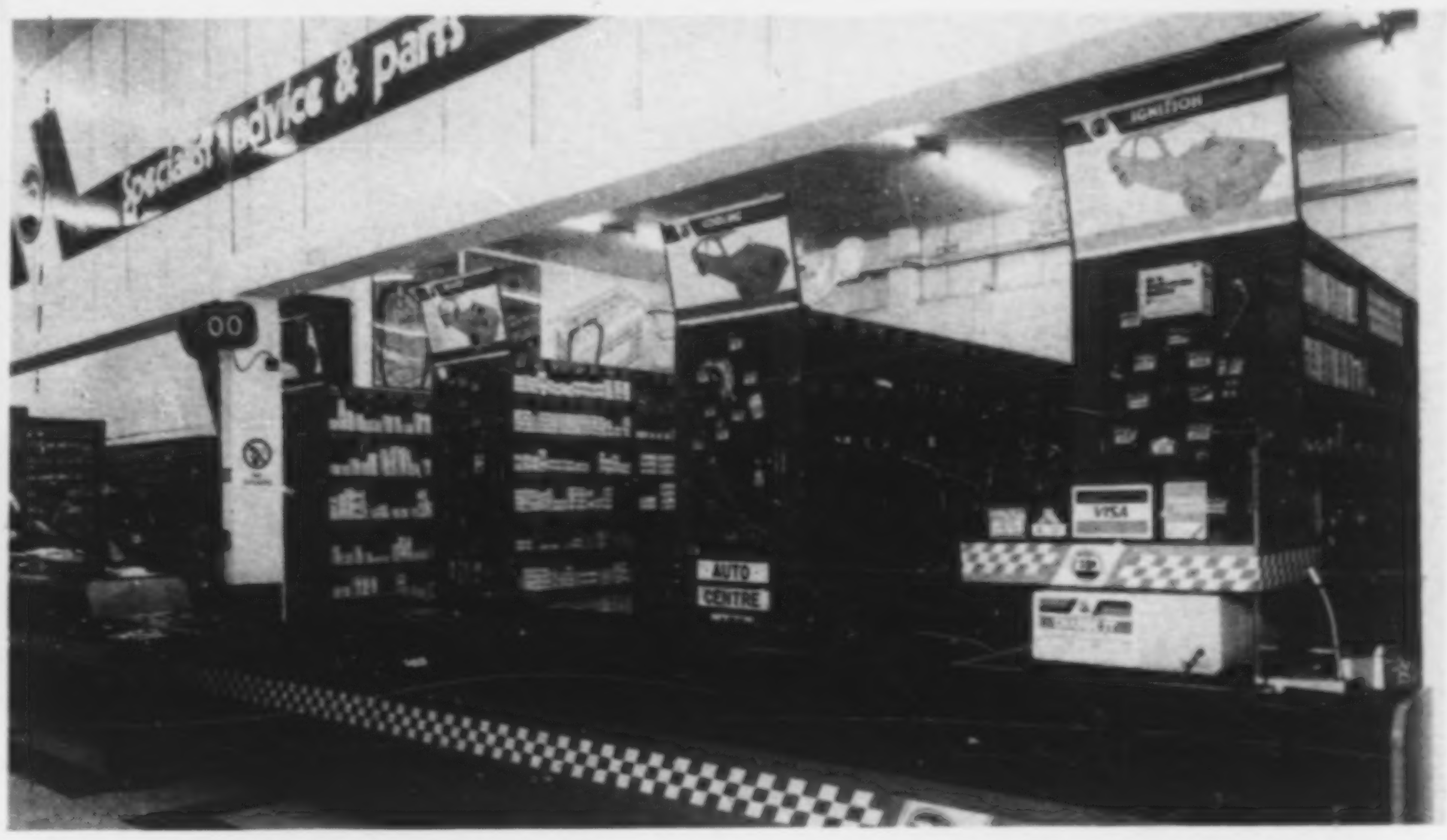
INTERNATIONAL REPORT:
UNITED KINGDOM



A customer at B&Q Autocentre who wants to have his car serviced comes to a counter to obtain a number and menu which lists the services available. He is then able to browse among the 18,000 sku's of car and bicycle parts while waiting for his number to be called over the public address system in the store.

English retailer branches into DIY auto care

(Continued from page 43)

automobiles which are at least three years old, according to Parkinson, the marketing director. In 1984, 50% of new cars sold, or 850,000 automobiles were "company cars," according to Pelling. After only 18 months or two years the cars are then sold privately and join the 12 million autos on the roads which are over three years old and in need of regular car-care and maintenance.

At the Poole "Autocentre," B & Q will fit a muffler for 60% of the cost charged by the local garage, its main competitor, and 40% of the cost of a specialist chain like Pit-Stop or Kwik Fit Auto. It also provides free tire and battery fittings for products bought in the store and is currently fitting 12,000 tires a week, according to Parkinson.

The six service bays have been kept so busy since the April opening that B & Q has been unable to experiment with renting bays to the do-it-yourselfer. The service bays will be open 24 hours a day from August, instead of the current 8 a.m. to 8 p.m. This will allow customers to drop off their cars for service after work at 6 p.m. and pick them up before leaving for work the next day.

"Shopping is now a leisure activity," said Parkinson. "The whole family wants to do it together," and the "Autocentre" is attractively designed and merchandised to enhance this leisure activity.

Inside the store, for example, a photographic mural, 24 ft. by 4 ft. gives a futuristic view of driving backed by the city skyline at night. The mural, stands above gondola level and comes out of the wall at a 45° angle to give a "womb-like effect," similar to sitting inside a car according to a B & Q spokesman. Underneath, strip lighting emphasizes the racks of steering wheels, wheel covers and hub caps.

The family appeal is emphasized by the large stock of BMX bikes and accessories. These wide-wheeled bikes are a current craze with preteen and teenagers in the U.K. and allow

(Continued on page 49)

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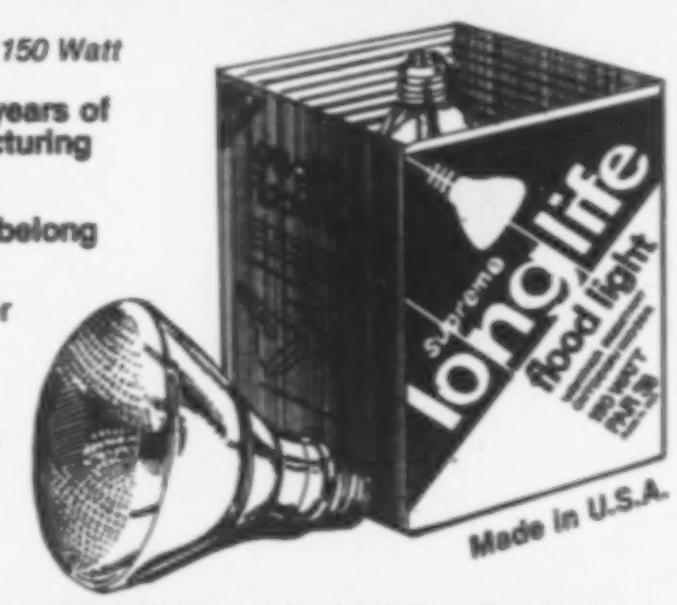

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INTERNATIONAL REPORT:
UNITED KINGDOM

Wickes sells West German units to focus effort on other countries

Wickes (Europe), currently reassessing its position in Europe, has sold its total West German operation in a move to concentrate on its divisions in the Netherlands, Belgium and U.K. The 54-unit operation is also examining the home improvement market in France for possible entry by 1987.

The 12 West German units, operating under the name Wickes GMBH, were sold for an undisclosed amount last February to Asko Deutsche Kaufhaus AG, a clothing, sporting goods and do-it-yourself products retailer based in Saarbrücken in southwestern Germany.

"Wickes was very insignificant in a very large market, with a population of around 65 million," said Steve Thomson, communications manager with Wickes, based in London. "It seemed unlikely that we could take a significant share in the market." The sale came at a time when the call for funds was strong from other divisions, notably, the 11-unit Wickes Belgium, and 23-unit Wickes Holland.

Wickes' move out of West Germany came just five months after the introduction of their first "concept" store into the country. The Darmstadt unit, 20 miles south of Frankfurt, was retrofitted at a cost of $500,000 and reopened last October. Although successful in increasing market share, future prospects in the rest of the country looked limited and the decision was made to sell off the division, rather than, as originally planned, to gradually convert existing units into concept stores.

"We got a pretty good price, which more than compensated [for the retrofitting expenses]," said Steve Thomson.

Wickes evolved the "concept store" over 10 years in England and is now introducing it to Europe with local adjustments. It is based on:

- Buying direct from manufacturers to ensure low prices.
- A refined product mix of 3,000 sku's, largely commodity based.
- Unique racking and mechanical handling to ease high inventory turns yet operate low staffing levels.
- 65% to 70% of its private label stock developed by Wickes to ensure market dominance.

With the divestiture of the West German operation, Wickes can concentrate on developing its existing stores in its more dominant markets, like the Netherlands. Here its 23 units operate in a country which had total home improvement sales of just under $2 billion in 1984, according to Louis Tilmant, managing director of Wickes, Belgium and Holland, based in Utrecht, Holland. Among the 23-store operation are three concept stores in Amsterdam, Groningen and The Hague, introduced in 1983, and Wickes plans to add two or three more units over the next few years.

Wickes also operates 11 units in Belgium where total home improvement sales were $1.1 billion in 1984, according to Tilmant who estimates a growth of between 7% and 8% in 1985. Wickes hopes to tap this growing market over the next several years by building four or five new units and will use its own new product development to dominate the market in the growing demand for insulation and roofing products.

Wickes new stores are sited on the periphery of towns to command the large population needed to support its narrow focus on home improvement products. Its expansion policy in the Netherlands, Belgium and the U.K. has been severely restricted by the shortage of suitable sites and delayed by the tight constraints imposed by local planning authorities.

In the U.K., Wickes has lost suitable sites to a new competitor, supermarket chains, which can afford to pay higher prices than the home improvement retailer. Supermarkets are relocating from the traditional sites in downtown shopping centers to more spacious sites just out of town in order to build 40,000- to 60,000-sq.-ft. units with parking lots.

However, Wickes' plan to open two new units shortly, in Cricklewood in the suburbs of London, and the second in a new market, Nottingham, in central England.

By 1986 or 1987 Wickes may have entered the home improvement market in France, according to Tilmant, which he estimated had total sales of $5.7 billion in 1984 and estimates will grow at a rate of between 5% and 6% in 1985.

Retailer branches out into DIY auto care

(Continued on page 44)

the rider to jump over obstacles, "doing wheelies."

A demonstration of the capabilities of BMX bikes will be the main feature in B & Q's next "customer evening." These evenings are held every six weeks partly to educate the potential DIYer and also to attract people into the "Autocentre."

signboard with pictures at its entrance to educate the English DIYer who is not used to automatic cable-drive car washes, or high-powered water jets. The traditional English car washes have brushes that move forward and backward over a stationary car. At present, B & Q's wash handles 1,000 cars a week, but is hampered by the English climate. "We do not do very good business when it rains," said Parkinson in a telephone interview with *NHCN*. "As it is doing right now."

Children can sit in a Formula One racing car, rented for the occasion; DIYers can talk with the "Car Doctor," and meet technical experts from car part suppliers to discuss the problems of tackling car maintenance. Usually 1,000 people attend these evenings held between 6 p.m. and 8 p.m. Free hamburgers and soda provided.

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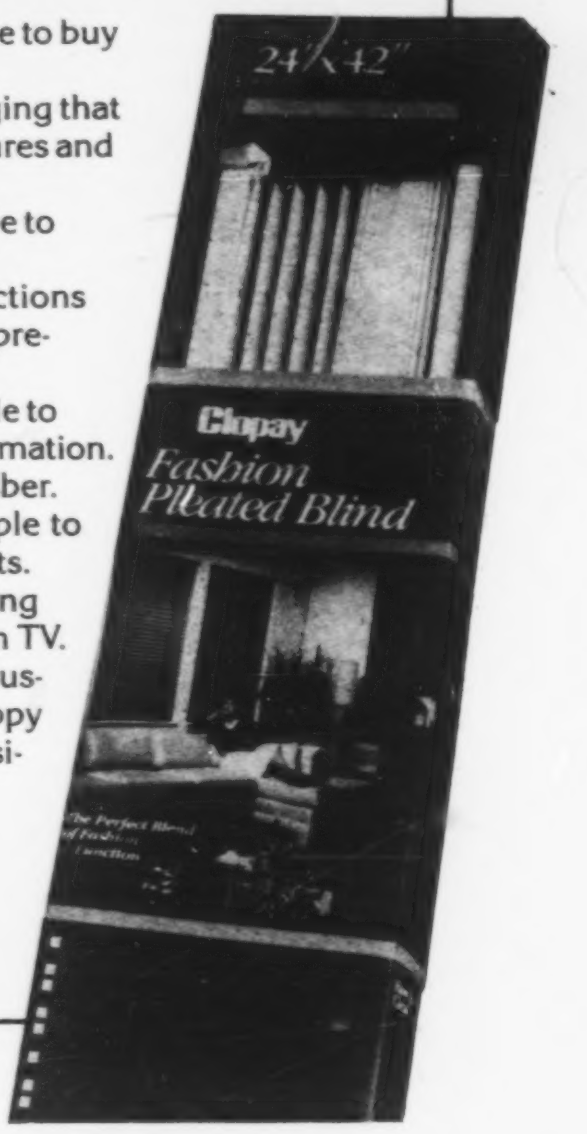

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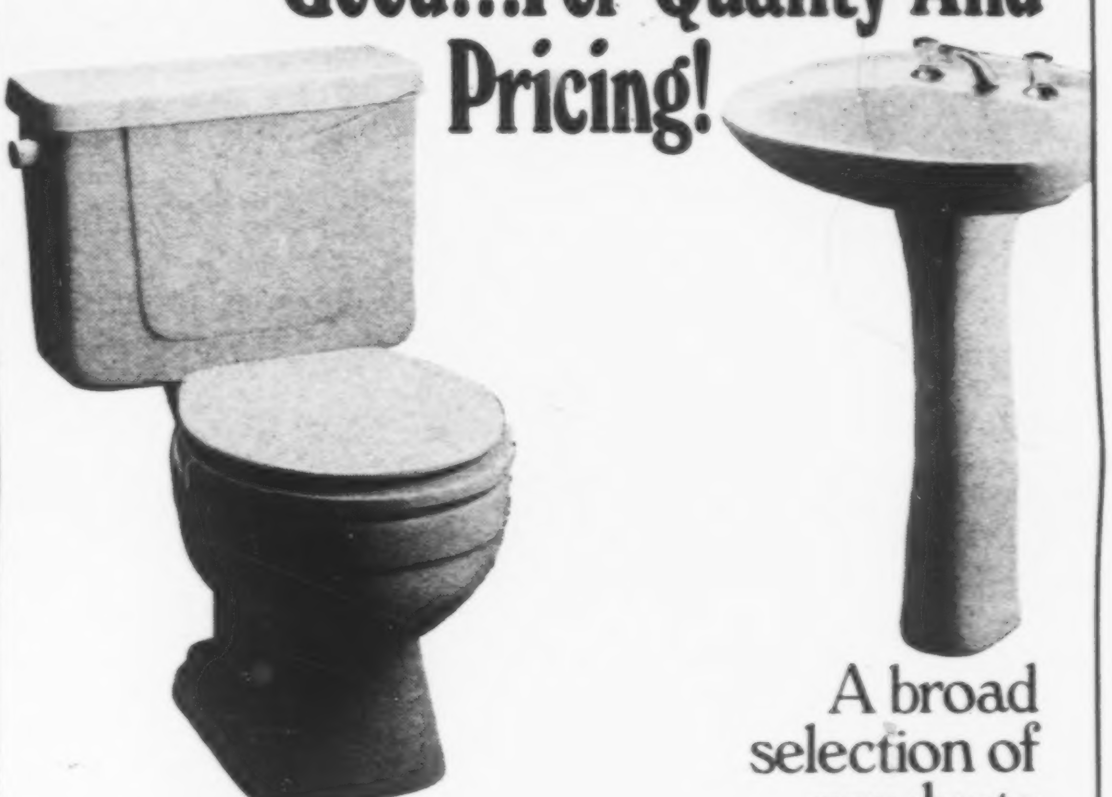

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INTERNATIONAL REPORT:

EUROPE

DIY sales in Common Market to hit $30.5 bil.

By Laura Liebeck
NHCN field editor

European Economic Community Demand for Do-It-Yourself Products
(in million $)

Product	1982	1986*	1988	% Change 1982-88
Paint & Emulsion				
Interior	1,347	1,684	1,844	+ 37
Exterior	583	720	762	+ 31
Total paint	1,930	2,404	2,606	+ 35
Wallpaper	1,645	1,855	2,016	+ 23
Other wallcoverings: Plastics, Tiles etc.	882	1,179	1,288	+ 46
Floor tiles	857	1,092	1,231	+ 44
Sheet vinyl	738	893	973	+ 32
Boards Branded (brand name stamped)	1,161	1,429	1,583	+ 36
Adhesives & Sealants	365	492	538	+ 47
Ironmongery (hardware)	333	423	462	+ 39
Furniture & Other DIY Kits	1,805	2,562	2,842	+ 57
Insulating & DIY glazing systems	707	1,284	1,482	+110
Portable Tools	850	1,123	1,230	+ 45
Other Product Groups Branded & Unbranded	13,665	15,830	16,927	+ 24
Total	24,938	30,566	33,178	+ 33

*Projections based on 1982 U.S. dollars
Source: Frost & Sullivan, January 1984

Demand for do-it-yourself products is projected to increase from a minimum of 24% to as much as 110% in 1988 from 1982 levels for some product categories. Figures are for the 10 nations that were members of the European Economic Community in 1982.

In 1986, the 10 European countries comprising the European Economic Community are expected to post $30.5 billion in DIY sales, nearly $6 billion more than in 1982, according to a Frost & Sullivan report completed this year.

The growth projected for next year and every year through 1988—a composite of 5% per year—should be fuled by a growing number of companies entering the DIY market and the greater acceptance of the DIY concept among Europeans.

This atmosphere has seen the surge and growing dominance of chains and franchise retailers and the decline and role change of the neighborhood independent.

Although each of Europe's markets are not growing at the same rate, Europe as a whole is experiencing changes common to all 10 countries, noted Frost & Sullivan. Those countries are West Germany, the United Kingdom, Ireland, France, Denmark, Italy, Greece, Belgium, Luxembourg and The Netherlands.

Throughout the continent, the DIY market is shaped by the changing economic climate, energy conservation, high unemployment, housing shortages and centuries-old buildings, which have forced homeowners to fix-up their homes but with carefully spent earnings.

European DIYers are not as ambitious as their counterparts in the U.S. They are more oriented toward renovating and decorating the interior of their homes, particularly painting and adding new furnishings rather than improving the exteriors.

Through 1988, home insulation and conservation products and DIY furniture kits will be especially strong for all 10 countries, the report noted.

Additionally, the appetite for all DIY products has created "price wars," among the retailers commented Louis Tilmant, managing director of Wickes Belgium and Holland, headquartered in Utrecht, Holland. This environment has stirred the consumer "to drive a few kilometers to get better prices," he added.

"During the very late 1980's, a further surge of growth is anticipated as enthusiasts come to terms with increased leisure and gain confidence in their income base," noted the Frost & Sullivan report.

It is this growing confidence in the stability of the local economies and the promise of more leisure time that should eventually free up household money for home improvement projects, the fastest growing segment being home insulation and conservation, which, from 1982 to 1988, is predicted to increase 110% to nearly $1.5 billion.

Furniture and other DIY kits are projected to grow 57% over the forecast period to more than $2.8 billion, overtaking painting projects in 1986 as the biggest DIY category.

Greece will experience the most dramatic increase of all 10 countries, the Frost & Sullivan report stated, but it is working from a very low base. By 1988, Greece is projected to tally $266 million in DIY sales, a 60% increase from 1982.

In contrast, West Germany, the most industrialized of the European nations, will record a 27% increase over the same period, evidence of its market maturity.

Greece, unlike most other countries except Italy, is very slowly moving toward acceptance of DIY projects, slowed down by the widespread belief that work around the home is the woman's domain and beneath the dignity of a man to undertake.

Another change occurring in Europe is the swing away from dependence on local or "high street" stores which can no longer provide the breath of selection available through the multistore companies like Wickes Europe, the M. Bricolage group in France and Hubo in West Germany.

Tilmant noted that the small stores are "disappearing systematically." They are being forced to specialize in such products as tools and machinery, answering specific consumer needs, if they are to survive.

DIY activity is still largely thought of as a hobby market in Europe, but the serious proportions of its potential are recognized by the multinationals which are increasing their presence in many markets. Also, there is increased trading among the EEC countries.

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INTERNATIONAL REPORT:

EUROPE

Not much in common in Europe DIY markets

Despite the fact that DIY-related activities are increasing across Europe, the home improvement market and the profile of the DIYer is different in every country.

Fueling the differences are the size and wealth of the nation, age and quality of the existing housing and the rate at which new homes are being built, and the level of industrialization available, among others.

In addition, the rate at which the DIY market will expand over the next several years, also will vary, according to a Frost & Sullivan report completed last year. The highly industrialized nations of West Germany and United Kingdom, which have mature DIY markets, are projected to grow at a much slower rate than the countries of Ireland and Greece which are just now discovering DIY, the report said.

The differences break down as follows:

West Germany

West Germany is the most industrialized of all the European nations, in addition to being the wealthiest and the most populated. It also was the hardest hit during the Iranian oil crisis of 1979 and 1980, which continues to slow down the expansion of the market and which has forced production adaptation. In addition, the need for new housing has slowed, as has the formation of new households, noted Frost & Sullivan.

Despite the economics, West Germans are increasingly more involved in DIY, particularly in painting, wallpapering and floorcoverings. Two growing segments are DIY furniture and insulation projects, projected to grow by 50% and 100%, respectively. The use of adhesives and sealants also are expected to grow rapidly through 1988, by 60%, according to Frost & Sullivan.

In addition to the growing interest in DIY activities, Germans are also interested in shopping for their materials in large supermarket and hypermarket units where they can get the range of products and at lower prices.

This behavior has also seen the increase in the number of DIY outlets from 500 in 1979 to more than 2,500 and growing, noted Frost & Sullivan.

European Economic Community: DIY sales

Demand for DIY products 1982-88*

Country	1982	1986	1988	% Change 1982-88
West Germany	$8,430	$9,949	$10,676	27%
United Kingdom	5,434	6,749	7,164	32
France	5,602	6,778	7,452	33
Italy	2,765	3,733	4,235	53
The Netherlands	1,417	1,771	1,880	33
Belgium/Luxembourg	671	789	884	32
Denmark	313	383	417	33
Ireland	140	178	197	41
Greece	166	236	266	60

*In millions, 1982 U.S. dollars

Source: Frost & Sullivan

United Kingdom

Despite its own economic troubles of high inflation, unemployment and declining exchange rates, the U.K. is still one of the "Big Four" in Europe and a leader with respect to DIY activity.

A growing proportion of the country's 56.3 million people—estimated by the European Economic Community in 1982—are involved in some kind of home improvement activity. Unlike most other Europeans, however, the British spend a lot of their leisure time outside caring for their gardens, making that their No. 1 hobby. Next, though, are home improvement projects and interior painting jobs rank as their favorite undertaking.

Wallpapering and other types of wallcovering have been declining steadily over the last few years but increases in vinyl and cork tiles are gaining in popularity.

The conservation fever has hit the U.K. and is predicted to increase 135% between 1982 and 1988, according to Frost & Sullivan. Furniture and other DIY kits are also expected to increase substantially, 62% through 1988.

France

With an economy larger than any other European nation, France has a population roughly the size of U.K., 56.6 million people, and exhibits its individuality in most things its people do, including DIY.

It is a nation composed of homes that split the primary and secondary markets equally, with the secondary or vacation home, being the prime recipient of the DIY expenditures.

The French take their DIY activity seriously and are willing to spend more money for the desired look. They, unlike many other European nations, prefer wallpaper to painted walls and are expected to chart a 50% sales gain in wallpaper between 1982 and 1988, reflecting the largest area gain next to insulation products which should rise 80% through 1988.

France also is a country with a large number of retail outlets, and a growing number of them are DIY stores. Frost & Sullivan estimates there are several hundred DIY-related units in the country, a growing number of which are large supermarket or hypermarket stores reflecting the expanding size of the industry and the number of competitors.

Belgium/Luxembourg

These countries are often

(Continued on page 56)

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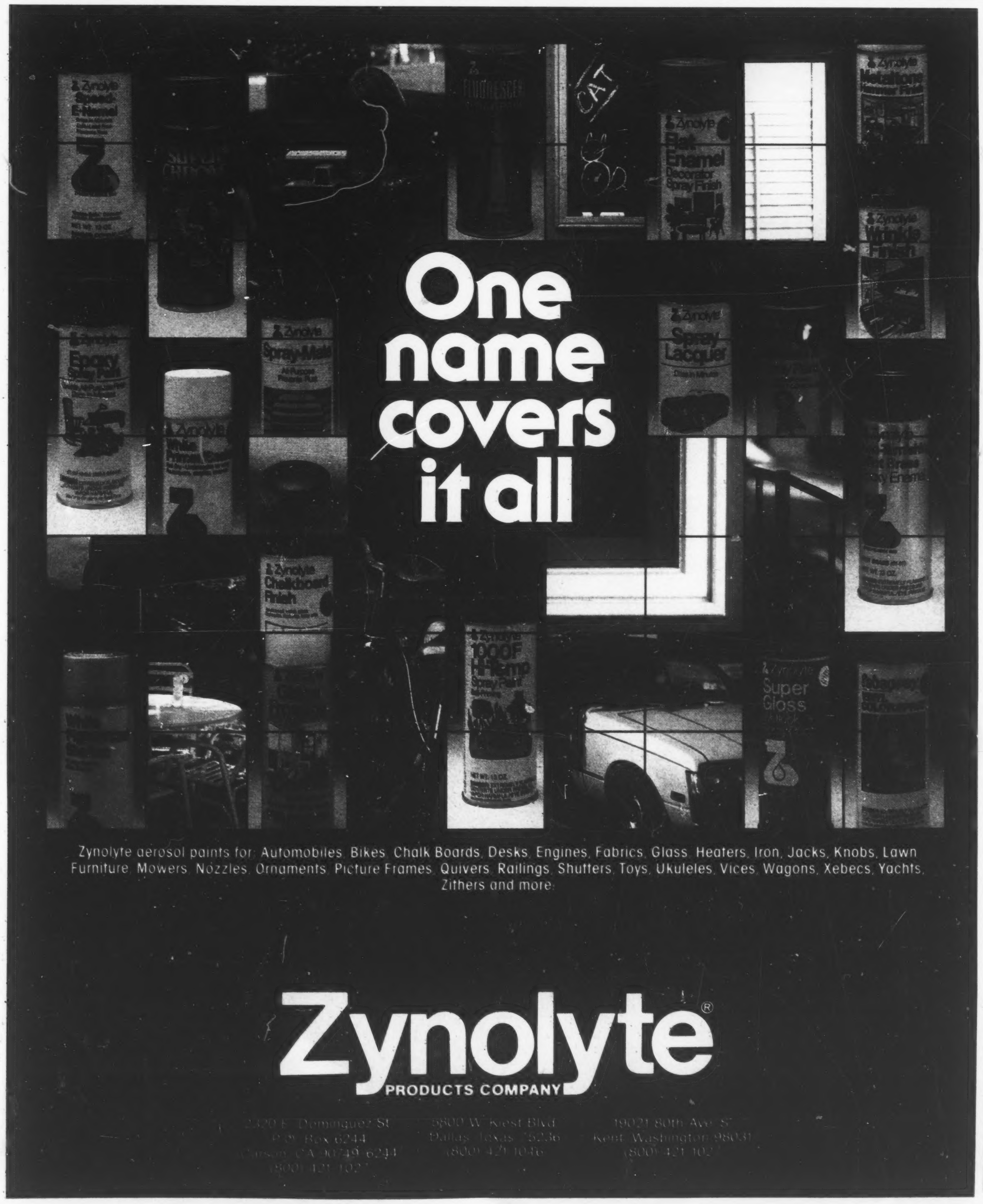

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INTERNATIONAL REPORT:

EUROPE

Disparities abound across Europe's DIY marketplace

(Continued from page 52)

grouped together because Luxembourg is so tiny, 365,000 people in 1982. Belgium, however, has a population of 9.8 million alone.

DIY sales, which are split equally between decoration and renovation, were about $1.1 billion last year and are expected to increase 7% to 8% this year, estimated Louis Tilmant, managing director of Wickes Belgium and Wickes Holland Companies.

The increases will be largely in insulation and roof covering products, which Frost & Sullivan predicts will jump 100% by 1988, because of the country's few indigenous energy resources and rising energy costs.

The Belgians are fond of heavy wallcoverings such as vinyl, textures and tiles and use these materials throughout their homes.

This trend toward home decoration has precipitated the increasing specialization of DIY stores, many into paint and wallcovering shops, mostly located in the larger cities.

The Netherlands

Because of the age of the houses in Holland, the country is largely a decorator DIY market, according to Tilmant. Most of the houses were built after World War II and therefore need fixing-up not renovation.

Tilmant is predicting that the slightly less than $2 billion in DIY sales recorded last year will increase 5% to 6% in 1985 due mostly to such decorator purchases as paint, and also building materials.

Although Holland has a supply of natural gas, those quantities are dwindling and Frost & Sullivan is predicting the sale of insulation-related products will rise 90% through 1988 to $278 million, even though these projects are not a popular DIY activity now.

The next largest project increase will be in DIY furniture which is expected to increase 70% through 1988.

Denmark

With a population of just over 5.1 million people, Denmark is the second richest country in the European Economic Council and boasts an affluent standard of living which has impacted its feelings on DIY.

Danes generally won't undertake a DIY project unless it can be completed expertly. They also demand high quality materials for all their projects.

The Danes have shied away from DIY furniture kits and wallpapering jobs because of perceived lower quality standards of the materials but are undertaking more jobs involving ceramic tile for both wall and floor coverings.

The world-famous Danish furniture makers have affected DIY sales in such categories as adhesives and sealants, various kinds of wood products and hardware, called ironmongery in Europe, where substantial sales increases are expected through 1988, according to Frost & Sullivan.

The biggest increase, 200%, will come in the insulation and energy conservation sector of DIY purchases, where there is considerable interest in improving in-home quality standards.

Ireland

Larger only than Luxembourg, Ireland, known in Europe as Eire, is the poorest of all EEC countries.

The largely agrarian society has had DIY activity for years, although it was tied to farming. Only now is do-it-yourself coming to mean home improvement work around the home.

DIY is growing in popularity, although available money for projects is minimal. When funds are available, the Irish seem to enjoy most all segments of DIY particularly painting and wallpapering, DIY furniture kits and toolwork. When they shop, they also prefer small, local stores.

Energy conservation is a major issue in Ireland. Frost & Sullivan is projecting insulation and DIY glazing systems sales will increase 200% through 1988 following closely by 100% increases in hardware and DIY furniture kits and 50% in adhesives and sealants.

Italy

The Italian DIY market has been slow to evolve due mostly to male rejection of work around the home as beneath his dignity. Although this attitude is changing, "slowly," noted Guido Badino, assistant trade commissioner for the Italian Trade Commission in Chicago, remnants of that emotion are strongly rooted in the society.

Badino said as the men do more projects "it gives them pleasure, they become more satisfied and it encourages them to do more."

Their DIY job of choice is painting, by far the largest DIY activity in Italy.

Also popular are ceramic tile for the floors and walls, DIY furniture kits, and home insulation projects spurred on by high energy costs.

Italy is projected to have very high sales and activity increases in all segments of DIY behavior as the hobby catches on throughout the country. Particularly large increases are due in insulation projects, 150% by 1988, furniture kits, 100%, and 80% each in wallcoverings, adhesives and sealants and hardware.

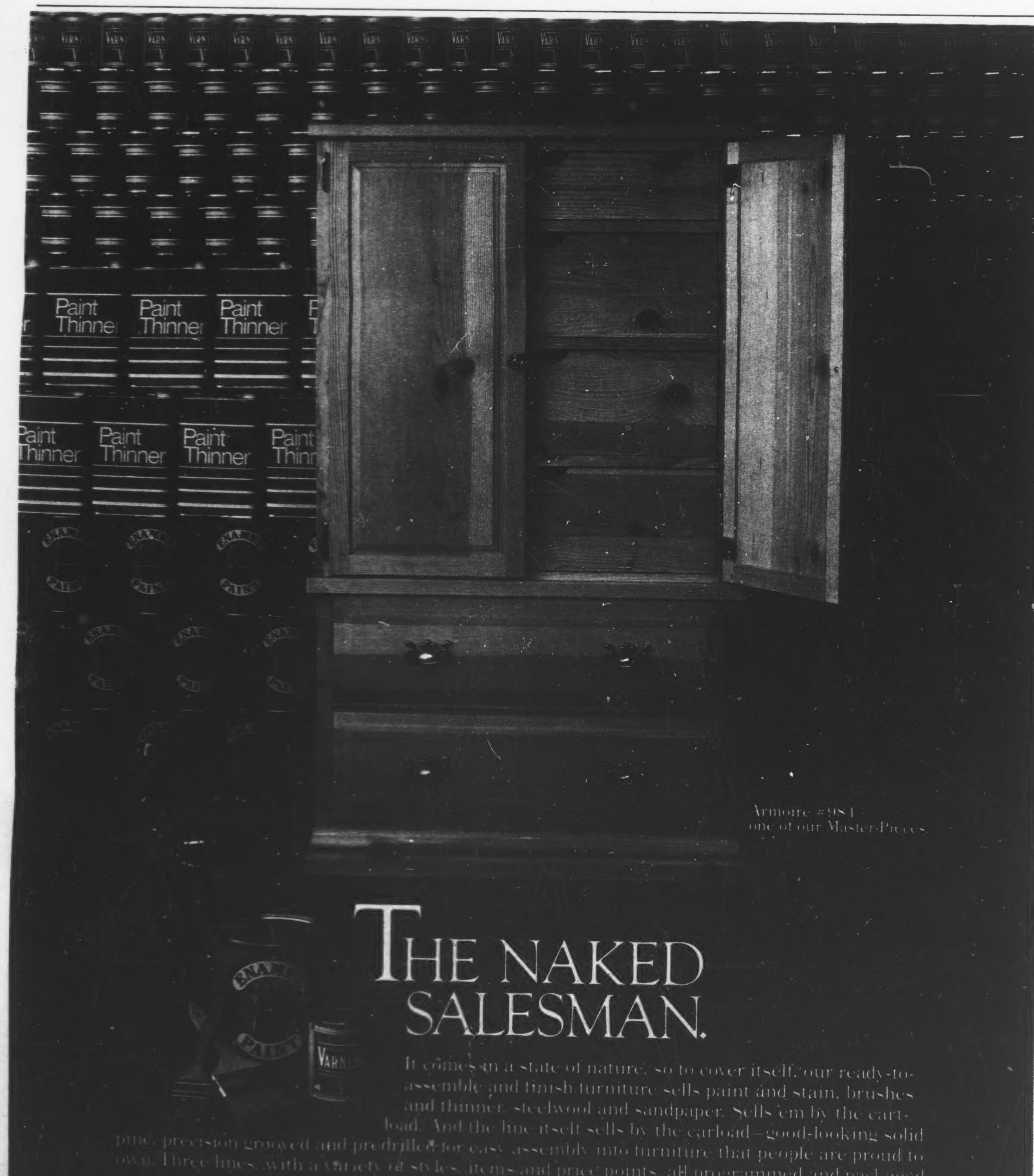
Greece

A lot of Greece's DIY work is still done by local handymen, according to Frost & Sullivan. And like Italy, only more so, Greek men find activities involving the home to be demeaning.

It is because relatively little DIY projects are undertaken, $14 million in 1982 growing to $20 million next year and $22.6 million in 1988, Frost & Sullivan is projecting large increases over the forecast period.

Greece is projected to experience the biggest sales increase, 300%, in DIY furniture kits, followed by a 140% increase in floor tiles and a 130% increase in wallcoverings.

Insulation and energy conservation work is expected to jump 100% over 1982 to $850 million in 1988 and hardware, too, is projected to increase 100%, but to $170 million over the forecast period.



Armoire #984 one of our Master-Pieces.

THE NAKED SALESMAN.

It comes in a state of nature, so to cover itself, our ready-to-assemble and finish furniture sells paint and stain, brushes and thinner, steelwool and sandpaper. Sells 'em by the cartload. And the line itself sells by the carload—good-looking solid pine, precision grooved and predrilled for easy assembly into furniture that people are proud to own. Three lines, with a variety of styles, items and price points, all programmed and packaged to give you maximum profit. Master-Pieces, Pine Line and Encore—they sell the pants off everything else in the category. Marketing Division, Consumer Products, P.O. Box 8220, Stockton, CA 95208. 209 946-5800.

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National Home Center News

ADVERTISING & MARKETING

Yellow Page complexity proves retail headache

By Marcia Spires
Special to NHCN

NATIONAL REPORT — While consumers may regard the Yellow Pages as the Bible of where to shop, many home center retailers regard them as little more than a headache.

Retailer complaints include ever-increasing advertising rates, the complexity of buying of Yellow Pages ads and lack of firm information on how effective the ads actually are.

But the retailers interviewed all continue to use Yellow Pages advertising. Why? Because they feel they must be where the competition is advertising. And they hope to benefit from the statistic supplied by Jeff Miller of National Yellow Pages Marketing Services in Milwaukee: 89% of the population refers to the Yellow Pages each year, to the tune of 16 billion times.

The actual expenditure on Yellow Pages ads by home center retailers typically ranges from barely 1% to under 5% of the overall annual ad budget.

But deciding how and where to spend this small piece of the ad pie is so time-consuming and complicated that many retailers farm out the legwork to ad agencies, consultants and Yellow Pages agents like Jeff Miller.

The complications stem from the fact that there is not just one publisher producing one set of Yellow Pages directories, with one deadline. There are 150 different publishers, with Reuben H. Donnelley, originator of the Yellow Pages, the largest. There are over 6,000 editions of the Yellow Pages directories published in this country, according to Jeff Miller.

Each of these individual directories can have different closing deadlines for ads. And there can be an overlap (or gap) in the geographic areas covered.

In addition to the geographic editions, there are over 100 specialized Yellow Pages directed at particular segments of the population, such as senior citizens (the "Silver Pages"), Spanish-speaking people, doctors, engineers and architects. Many retailers are tired of letting their fingers do all this walking.

Payless Cashways, Kansas City, Mo., is embarking on a new program to bring its Yellow Pages expenditures under central control. Previously, each store manager decided the size, format and edition to use for ads in his market area. Now, Payless wants to get a more uniform approach and look in its ads across the corporation.

With all this competition, some areas of the country practically have a Yellow Pages war going on. Chicago, for instance, has nine different Yellow Pages books delivered to some neighborhoods. Competition for ad placement is vigorous.

"The ad rates keep going up and the Yellow Pages publishers can't support the increased rates with solid circulation figures," said Dan Nikolich, advertising director of Edward Hines Lumber, Chicago.

"The circulation figures can be misleading, at least in this area," he said. "I have three phones at home and I get three Yellow Pages books. The circulation figures don't mean each volume reaches a different household."

> *'I can't tell if the ads draw customers or not. I have absolutely no feel about it at all, and I've been in the business 40 years.'*
>
> **—Len Rosenfield,**
> *director of advertising,*
> *All American Home Center*

Retailers cutting back

Hines Lumber and other companies are reducing their Yellow Pages commitment.

"We have been cutting back on the size of our ads for the last 20 years, without noticing any diminishing sales," says Nikolich.

One year, by mistake, O'Malleys, of Phoenix, forgot to put an ad in the El Paso edition. The sales that year "were in the substantial double digits" above the year before for that store, said Perry Steinhoff, advertising manager. And sales went up again, the following year, before the omission was noticed. O'Malleys still spends $30,000 to $35,000 per year, or about 1% of its ad budget, on Yellow Pages ads, said Steinhoff. "It causes much more trouble than the money it costs."

All American Home Center, Downey, Calif., has also backed off in its ads. "We spend less than we did a few years ago, before all the upheaval with the various editions," said Len Rosenfield, director of advertising.

"I can't tell if the ads draw customers or not," he added. "I have absolutely no feel about it at all and I've been in the business 40 years." He feels the only accurate way to verify that responses are from the Yellow Pages is to install a separate telephone line for the number listed in the Yellow Pages.

"There is no way we can check whether customers are pulled in by these ads," agrees Bob Fant, director of advertising for Scotty's in Winter Haven, Fla. "But we have to match or exceed what the competition is doing."

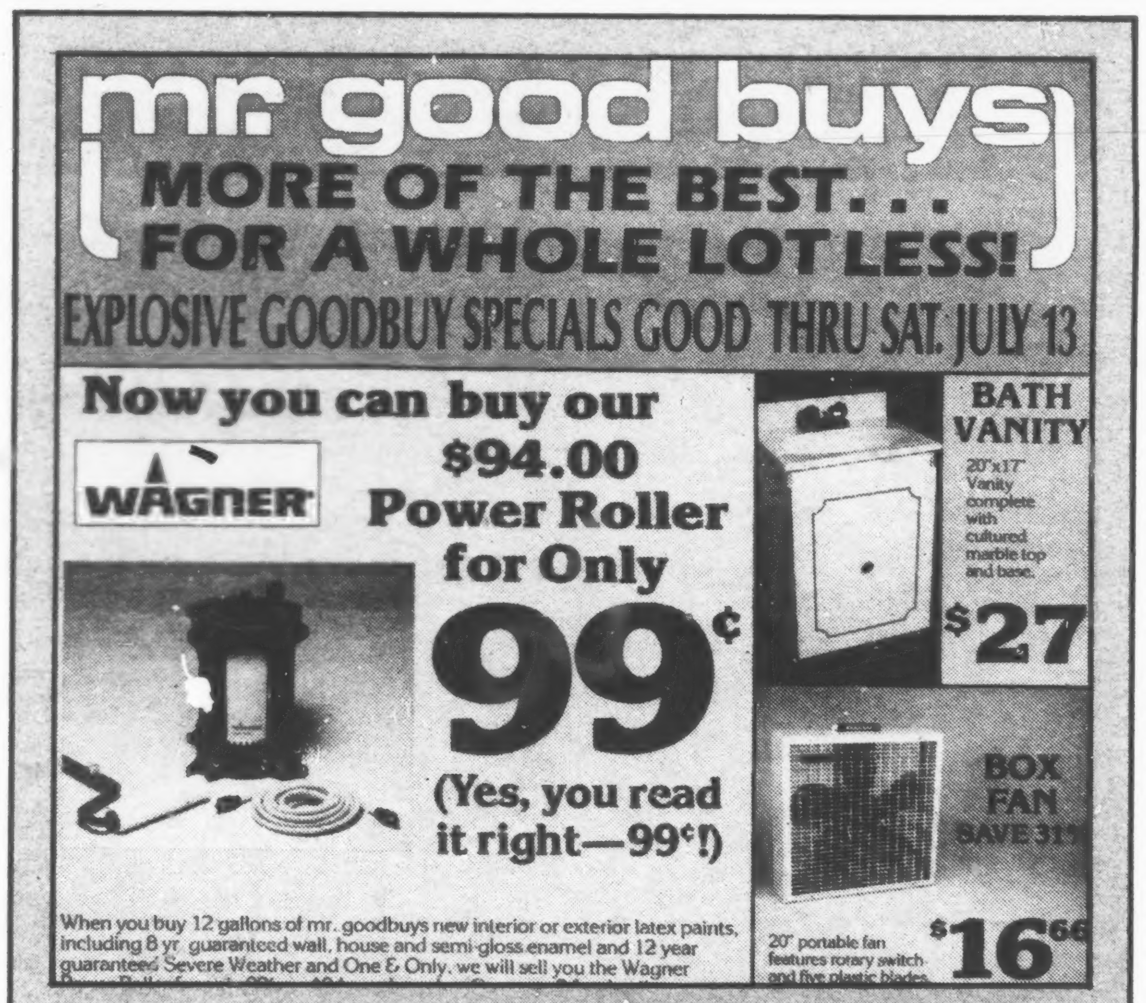
"They seem to have a compulsion to have a 7½% to 9½% rate increase year after year, with no evidence of increased materials costs for the ads," said Rosenfield at All American Home.

"The Yellow Pages ads are really just a thorn in the side to any retailer," said Steinhoff, "but they're more important to the smaller retailer. The whole thing is a squishy, squirmy topic."

Store name awareness key benefit

Still, most retailers admit these ads have a legitimate part in their ad programs. Keeping the store name in the customer's awareness and keeping up with competition are the main factors. The ad managers used different strategies to accomplish their goals.

(Continued on page 68)



mr. good buys
MORE OF THE BEST...
FOR A WHOLE LOT LESS!
EXPLOSIVE GOODBUY SPECIALS GOOD THRU SAT. JULY 13

Now you can buy our
WAGNER
$94.00
Power Roller
for Only
99¢
(Yes, you read it right—99¢!)

When you buy 12 gallons of mr. goodbuys new interior or exterior latex paints, including 8 yr. guaranteed wall, house and semi-gloss enamel and 12 year guaranteed Severe Weather and One & Only, we will sell you the Wagner

BATH VANITY
20"x17" Vanity complete with cultured marble top and base.
$27

BOX FAN
SAVE 31
20" portable fan features rotary switch and five plastic blades.
$16.66

As part of a two-week promotion, Mr. Goodbuys offered a Wagner Power Roller for 99¢ with the purchase of 12 gal. of paint.

Goodbuys kicks off paint promo with dollar power roller

PHILADELPHIA — Customers in Mr. Goodbuys' Philadelphia stores could buy a Wagner power roller, worth $94, for just 99¢ with the purchase of 12 gal. of Mr. Goodbuys new high-end paint, during a two-week promotion that ended July 13.

The promotion focused attention on the new eight-year, guaranteed paint lines, produced by Enterprise paint and marketed under Mr. Goodbuys own label, and uses co-op advertising money accrued from Wagner in the ROP and circular ads which support the promotion.

To qualify for the purchase of the 99¢ Wagner power roller, model 5001, a customer must buy 12 gal. of paint from among the four high-end lines offered, which include the eight-year guaranteed flat wall and house paint, semigloss enamel paint, or the 12-year guaranteed "one and only" paint. Customers may mix and match any combination or color of these paints, which range in price from the exterior flat latex paint retailing at $12 to the "one and only" interior latex product retailing at $25.

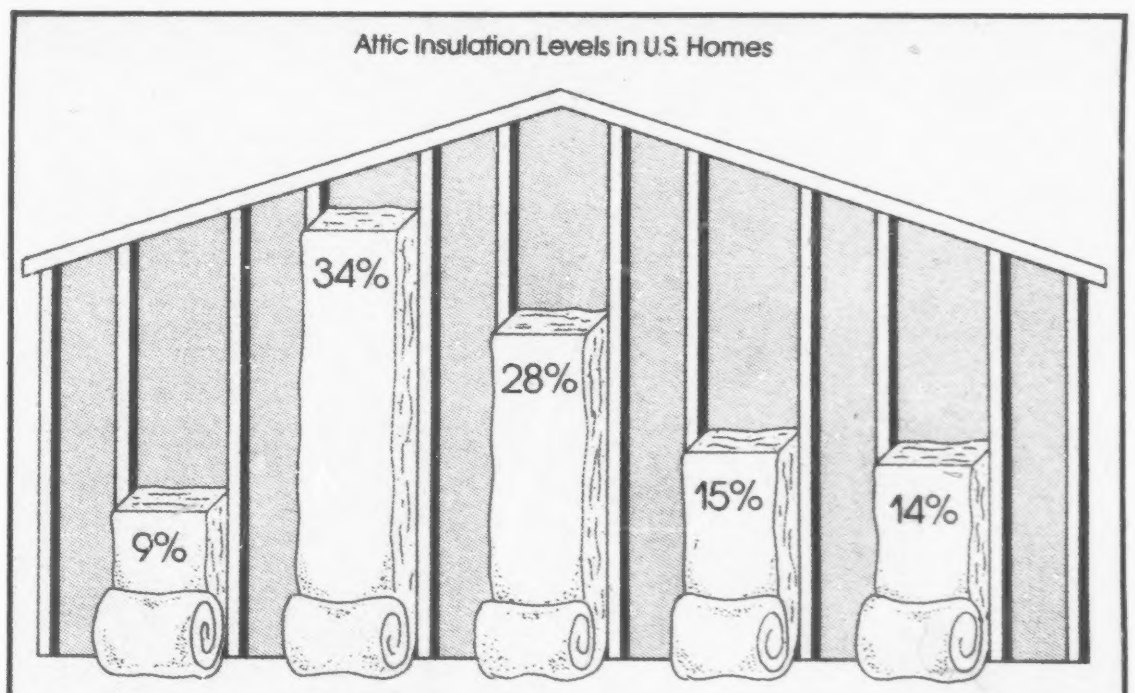
"The initial impact [of the promotion] is encouraging," said Steven Erlbaum, chairman of the seven-unit chain, at the beginning of the campaign.

(Continued on page 68)

New manufacturer studies show insulation market not saturated

NATIONAL REPORT — The insulation market is far from saturated according to two national reports sponsored independently by Owens-Corning Fiberglas in Toledo, Ohio, and the Manville Building Materials Division, in Denver.

The surveys, later conducted by National Family Opinion, show that a large number of homeowners still have inadequate attic insulation and some have none at all, but the potential customer is not necessarily the one with the least insulation but rather the one who perceives the need to add insulation. Although the decision to add insulation is influenced by the wife, and rising fuel prices remain the primary factor behind insulation projects, it is the male do-it-yourselfer who most often makes the brand decision.



Source: Owens-Corning Fiberglas Corporation (Findings based on a study of 80,000 households by National Family Opinion, Inc.)

Of the 80,000 homeowners surveyed by National Family Opinion for Owens-Corning, 43% had less than 6 in. of attic insulation and 9% had none at all. The Southwest was the region with the least amount of attic insulation. Retired and single homeowners had the least amount by demographic grouping.

Of the 80,000 homeowners surveyed by National Family Opinion for Owens-Corning, 43% had less than the recommended 6 in. of attic insulation and 9% had none at all. Nationally, respondents from the Southwest had the lowest levels of attic insulation.

The homeowners with the least insulation included nearly half the retired people surveyed, and over half the unmarried homeowners. These two groups were the least likely to add insulation. Only one-fifth of the retired households felt the need to add insulation and female heads of household saw very little need to insulate.

"Ironically, the people that feel the least need to add insulation are the people that need it most," said Mark Packer, senior research analyst for Owens-Corning.

The survey found that 27% of homeowners felt a need to add attic insulation and that the potential customer was strongly represented among blue-collar and white-collar workers.

Manville's survey confirms this finding. Among the 57% of the homeowners surveyed who were thinking of adding insulation, blue- and white-collar workers were again strongly represented. The consumer most likely to buy insulation was identified as male, married, a do-it-yourselfer interested in saving money, and between 35 and 54 years of age.

Manville surveyed 300 homeowners who had not added insulation since 1977, and 300 homeowners who had added insulation, selected from a National Family Opinion panel. The survey concentrated on identifying future consumers, and finding out where and why they bought insulation.

Although the woman often influenced the decision to add insulation, it was the man who chose the brand and bought the product, often looking for special sale prices before making his purchase. He chose to shop where he had bought materials for past DIY projects. Once in the store, the consumer would buy the brand available. The survey showed that insulation remains a commodity item, consumers will not shop around for a specific brand.

Escalating fuel prices continue to be the main reason why people add insulation. In the Owens-Corning study over 86% of homeowners expected fuel prices to rise by over 25% in the next five years.

Among those about to tackle insulation projects in the Manville survey, 66% were motivated by saving money on fuel bills. Of those who had added insulation in the last five years, 95% reported savings on fuel bills of between 11% and 20%.

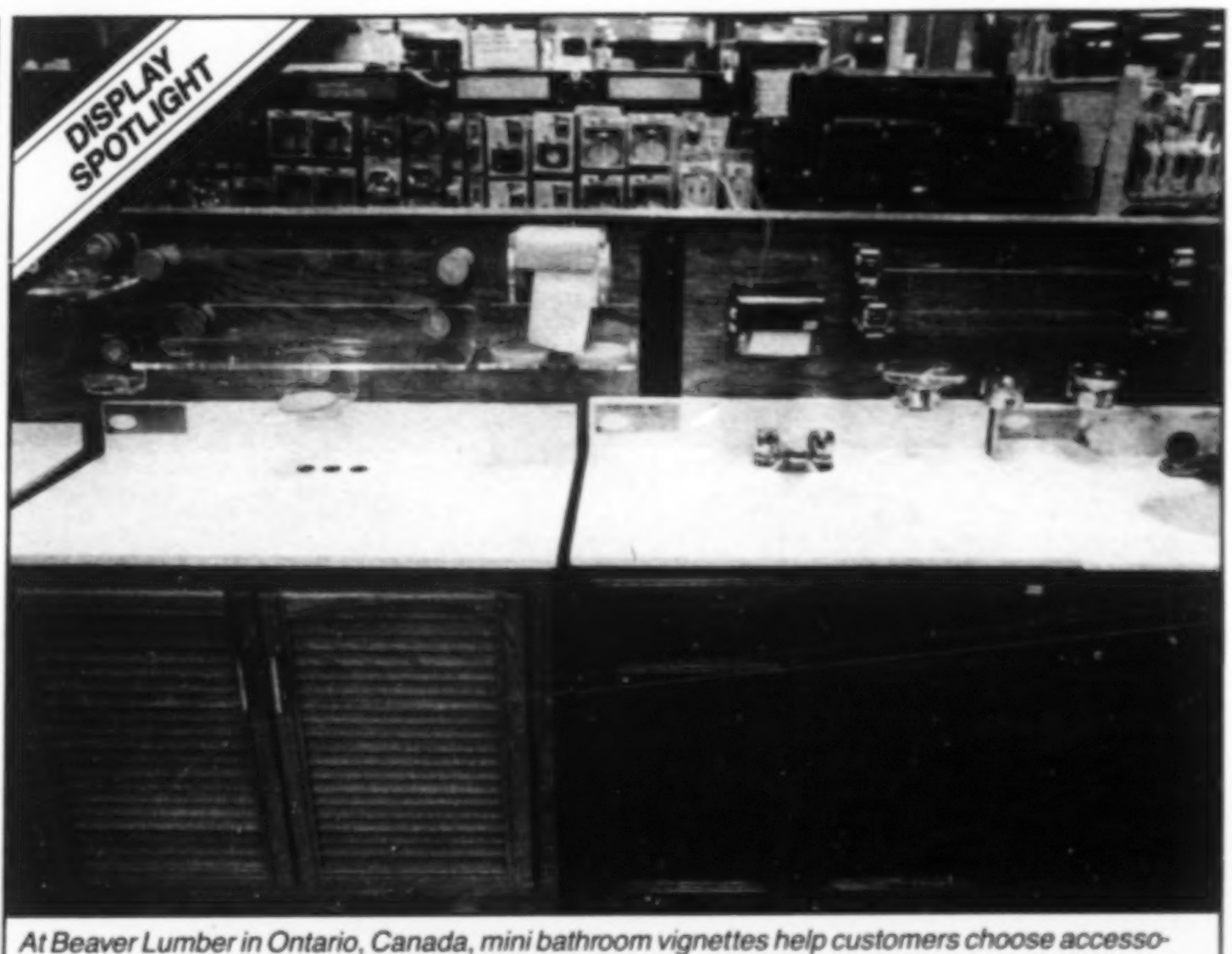
NEW!
A Top-Notch Counter Salesman

A new dimension
in spackling convenience!
- Requires only one application
- Will not shrink, slump, or crack even on large cracks or holes
- Lightweight, easy to apply
- Ready-mixed in new, convenient plastic containers

This colorful, dimensional Spackl'N Lite display carton contains 24 half pints and six quarts. It's an effective counter salesman that attracts both the pro and impulse buyer.

Call toll free 1-800 241-5295 today!

SUPERIOR SEALANTS



At Beaver Lumber in Ontario, Canada, mini bathroom vignettes help customers choose accessories to match the style of their main furnishings. NHCN photo

LUMBER REPORT

Lumber prices begin to rebound but optimism may be short-lived

(Continued from page 16)

decline. Lumber exports from North America dropped by 702 million board feet in 1984. Signs of overbuilding in the commercial sector are showing up all over the United States. Vacancy rates continue to increase and have reached the 15% level nationally. A recent Shearson/American Express report stated, "Under any reasonable circumstance, such high vacancy rates will prerequisite a significant decline in new construction to bring supply back in line with demand."

Tax reform could spell trouble for single family housing. Data Resources predicts if the current tax proposal is passed, new single family starts will fall by 140,000 per year. The National Association of Realtors predict starts will fall 300,000 units. Despite uncertainty in the future, builders remain optimistic. More speculation homes are being built. It is typically the beginning of the end of a housing boom when builders stop being cautious.

Government action

Government intervention could alter the supply and demand balance and prices would probably rise dramatically on forest products. There are now three bills before Congress aimed at controlling importation of Canadian lumber. According to the *North American Wholesale Lumber Bulletin*, "The Gibbons legislation defines and adds *Resource Input Subsidies* to the Tariff Act of 1930. In effect, a resource product (logs-stumpage) sold by Government to domestic manufacturers that is not freely available to United States producers at the same price that is lower than the *fair market value* of the input product would be a counteravailable duty subsidy." The Southeastern Lumber Manufacturers Association, The National Forest Products Association, The Northeastern Lumber Manufacturers Association and other United States wood groups support this legislation.

Unless producers of lumber and panelboard products show restraint, prices will remain steady to lower. Government intervention is the major issue to watch that could change the game and send wood prices higher.

Hawk Furman is president of Furman Lumber, Boston.

FUTURES

Two weeks ended July 3, 1985

	High	Low	Close	Previous Week	Open* Interest	Contract High	Contract Low
LUMBER (CME)—130,000 bd. ft. spruce-pine-fir 2x4's; $ per 1,000 bd. ft.							
July '85	149.00	143.30	144.90	146.80	1,656	230.50	129.30
Sept.	151.50	143.00	145.10	149.70	4,126	197.50	135.30
Nov.	153.10	146.20	147.90	151.60	2,064	186.10	137.80
Jan. '86	159.40	153.00	154.10	158.00	663	187.30	144.60
March	165.00	159.00	160.20	164.40	330	188.20	149.00
May	170.00	164.00	164.50	168.10	181	176.40	153.00
July	172.80	169.00	172.80	176.40	45	183.40	169.00

Total Contract Vol. (Through 7/3): 14,712 **Previous Two Weeks: 26,322**
Total Open Interest (As of 7/3): 9,065 **Previous Week: 9,477**
Cash Price: $154.84 **Previous Week: $149.94** **Year Ago: $127.40**

CME—Chicago Mercantile Exchange
*Figures for Wednesday, July 3.
Open Interest is the number of outstanding contracts for each delivery month not liquidated by an offsetting transaction or fulfilled by delivery.

"Sell Over $12,000 of Staple Plumbing Products Using Only 20 sq. ft. of Combined Display and Inventory Floor Space!"

Stylemate's fast-selling, quality line of **laundry/utility trays, KD shower stalls** and **bathtub walls** are the nucleus of every successful DIY plumbing department. *Stylemate* keeps pace with remodeling trends and our wide selection of **"good, better, best" models insure upgraded sales** and...

- **Single Source Ordering Convenience & Savings**
- **Multiple Price Points for Every Remodelers Need & Budget**
- **Opportunities for "Add-on" Sales of Accessories and Related Products**

GET THE FACTS — on how to enjoy greater sales volume and profits. Call us TODAY (collect) . . . you'll be glad you did!

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